STATE OF NEW YORK

Comprehensive Annual
FINANCIAL REPORT OF THE COMPTROLLER

For the Fiscal Year Ended March 31,

1988

Prepared by the Office of the State Comptroller

EDWARD V. REGAN
State Comptroller

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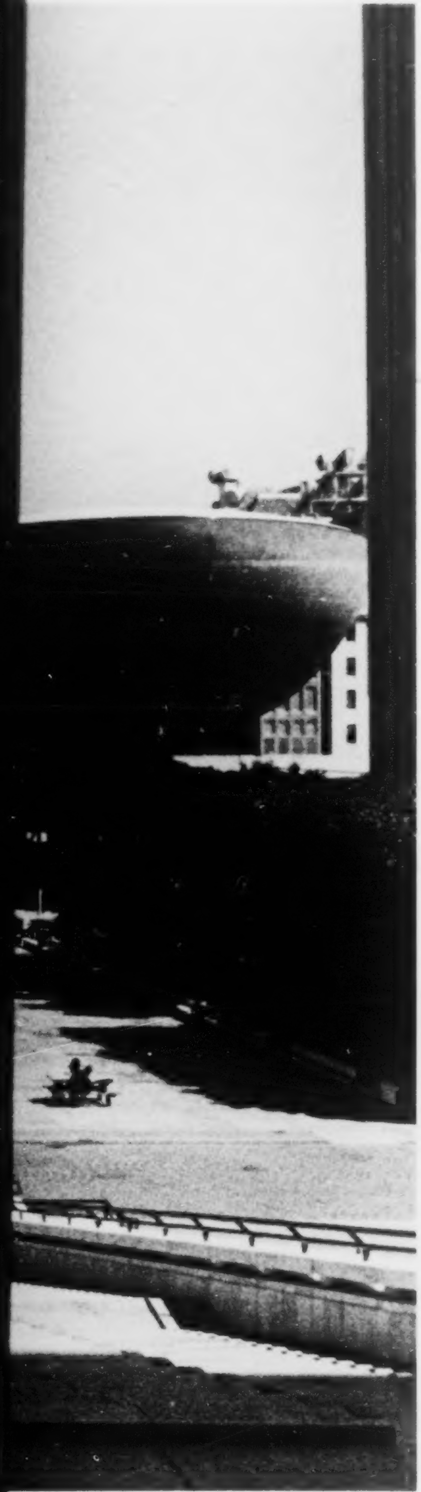
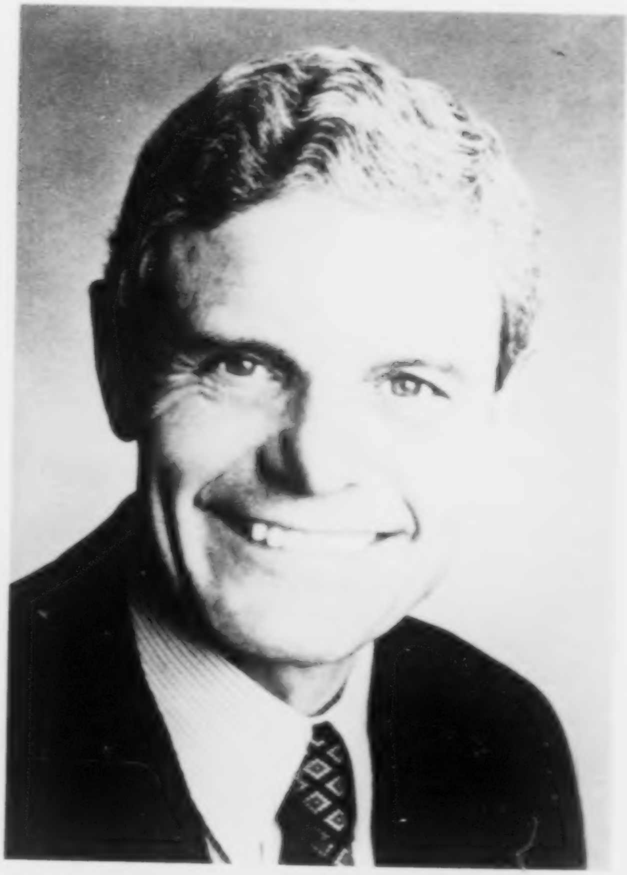
Empire State Plaza—NYS *Dept. of Commerce*



Introductory Section



EDWARD V. REGAN
State Comptroller

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
ALBANY NEW YORK
12236

EDWARD V. REGAN
STATE COMPTROLLER

To the Citizens, Governor and Members of the Legislature of the State of New York:

In accordance with Section 8(9) of the New York State Finance Law, I am pleased to present the Comprehensive Annual Financial Report of the State of New York for the fiscal year ended March 31, 1988. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of the State Comptroller. I am confident the data presented is accurate in all material aspects, is presented in a manner which fairly sets forth the financial position and results of operations of the State as measured by the financial activity of its various funds and that all disclosures necessary to enable the reader to gain an understanding of the State's financial position and results of operations have been included.

This report has been prepared in accordance with generally accepted accounting principles ("GAAP") for governments as promulgated by both the Governmental Accounting Standards Board and the Financial Accounting Standards Board. The general purpose financial statements contained in this report have been examined by Peat Marwick Main & Co. Their report certifies that the information is fairly presented in accordance with GAAP.

Last year I reported that the General Fund had an operating surplus of $1.001 billion. This was primarily caused by increased personal income tax revenues which resulted from changes in taxpayer behavior in reaction to the Federal Tax Reform Act of 1986. This year the General Fund ended the year with an operating deficit of $141 million. Although the spring borrowing has remained at $2.6 billion for two consecutive years, the State's fiscal health is showing signs that should concern all citizens.

The State had to borrow $132 million from the Tax Stabilization Reserve Fund during fiscal year 1987-88 to help meet its expenditures. This was the first such borrowing in five years. Further, revised projections of the 1988-89 General Fund financial plan now reflect a revenue shortfall of at least $1.1 billion from original expectations, which required action on the part of the Governor and the Legislature to close. The impact of the Federal Tax Reform, last fall's stock market crash and an uncertain economy continue to make achievement of even the revised 1988-89 revenue estimates and maintaining a balanced General Fund operating budget very uncertain. In times of uncertainty, prudence and caution are called for. As I have repeatedly urged over the past 10 years, New York needs to develop greater fiscal discipline if it is to avoid even more significant fiscal problems in the future.

In my last two annual reports I've indicated that the most compelling fiscal issue facing New York is controlling State spending. We cannot both continue spending at the rate we have been and preserve the tax cuts implemented in recent years. I've noted on numerous occasions that the gap between expenditures and available resources will widen because spending continues to go up at a rate in excess of the rate of increase in

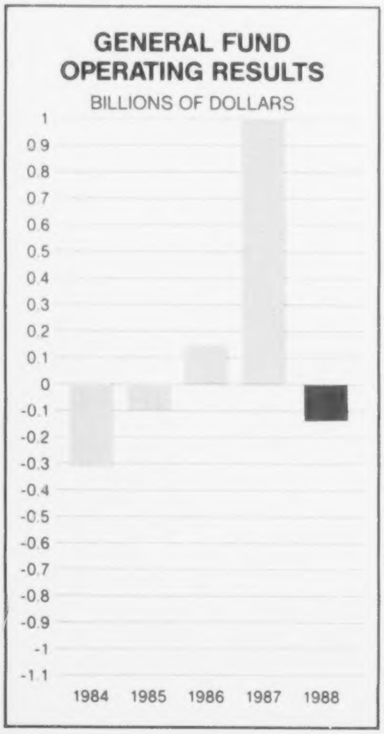
State revenues. Excessive spending can be brought under control by implementing a capping mechanism and by more effectively managing State agencies and their programs. The leadership of the State must make a complete review of all aspects of State operations. The excesses that have permeated State government must be eliminated. This does not mean that services to our citizens, especially those in need, should be anything but comprehensive and compassionate. When you compare the State's spending for certain programs to other industrialized States, you will find that New York leads the nation by most measures in this regard. But the differences in the costs of services between New York and other states are so great that there is an opportunity to achieve significant savings.

The Governor and the Legislature have accomplished much needed fiscal reform in recent years. They are to be commended for the conversion of accounting and financial reporting to the discipline of generally accepted accounting principles (GAAP), deficit and debt reduction, and achieving GAAP balanced budgets. The implementation of a series of tax cuts and the restructuring of the tax system have also helped New York be more competitive. To achieve fiscal stability and economic viability for the State the next and maybe the most important fiscal reform measure that must be addressed is controlling and reducing the rate of growth in State spending.

Internal Controls

In developing the State's accounting system, consideration was given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits derived. To monitor the adequacy of the State's internal accounting controls my auditors periodically check adherence to internal control policies and procedures.

Last year the Legislature passed the New York State Governmental Accountability, Audit and Internal Control Act of 1987 which commits the State to enhancing existing systems of internal controls in all State governmental entities. For the first time there will be a requirement for managers in all branches and components of government to maintain comprehensive internal control systems and to regularly evaluate the effectiveness and adequacy of these systems by internal reviews and external audits. Finally, the legislation promotes accountability by assuring that all external audits are made available to the public.



Budgetary Process

The State Constitution requires the Governor to submit a cash basis balanced Executive Budget which contains a complete plan of expenditures for the ensuing fiscal year and identifies the anticipated revenues sufficient to meet the proposed expenditures. Included in the proposed budget are provisions for spending authority for unanticipated revenues or unforeseen emergencies in accordance with statutory requirements. The Executive Budget also includes both cash basis and GAAP basis financial plans for the ensuing fiscal year as well as a five year financial projection for governmental funds and a five year capital plan. The accounting policies used in developing the GAAP basis financial plans are generally consistent with those used in preparing the annual GAAP financial statements.

The Legislature enacts appropriation bills and revenue measures embodying those parts of the Executive Budget it has approved. The Legislature may also enact a supplemental appropriation bill and numerous other appropriation bills as it deems necessary. Once approved by the Governor the appropriation and revenue bills become law, and the cash basis and the GAAP basis financial plans are revised to reflect legislative actions. Generally, the financial plans are updated quarterly and the Governor is required to report to the Legislature showing a comparison of the actual year to date results with the revised plans and providing an explanation of any major deviations or significant changes to the financial plans.

Budgetary control is maintained at the program level by the encumbrance of estimated purchase amounts prior to the release of purchase orders and contracts to vendors. Purchase orders that would result in an overrun of available balances are not released until budget revisions are approved or additional appropriations are made. Outstanding encumbrances are reported as reservations of fund balances at year-end.

The Reporting Entity and Its Services

The funds and entities included in our Comprehensive Annual Financial Report are controlled by or dependent on the State. Determination of "controlled by or dependent on" is based on criteria prescribed by the Governmental Accounting Standards Board, for defining the financial reporting entity. The criteria deals with the selection of the governing authority, designation of management, scope of public service and the ability to significantly influence operations. Based on these criteria the various funds, account groups and entities shown in this report are considered to be part of the reporting entity.

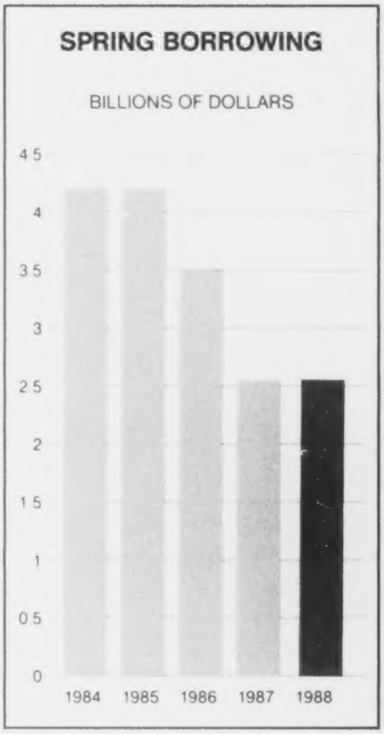
The State provides a comprehensive range of governmental services in the areas of education, social services, health and environmental services, recreation, transportation, mental health, housing and urban renewal, among others and also administers the State's two major retirement systems.

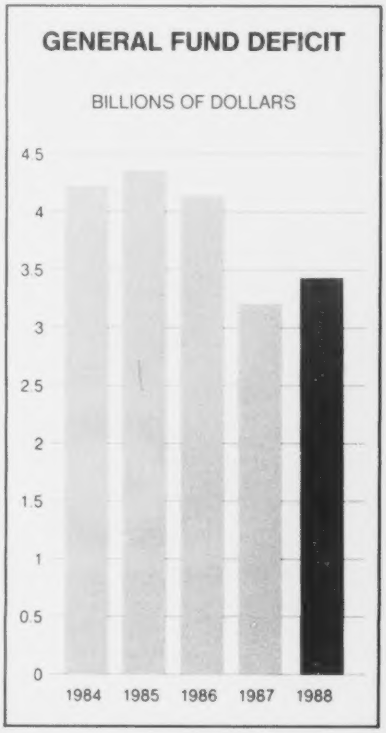
General Governmental Functions

The State completed its fiscal year ended March 31, 1988 with a combined Governmental Funds operating deficit of $180 million as compared to a combined Governmental Funds operating surplus for the preceding fiscal year of $1.971 billion. The combined 1987-88 operating deficit of $180 million included operating deficits in the General Fund of $141 million, Debt Service Funds of $80 million, and the Capital Projects Funds of $76 million offset by an operating surplus in the Special Revenue Funds of $118 million. The 1986-87 operating surplus of $1.971 billion included operating surpluses in the General Fund of $1.001 billion, Special Revenue Funds of $257 million, Debt Service Funds of $475 million, and the Capital Projects Funds of $238 million.

The State's financial position as shown in its Combined Balance Sheet as of March 31, 1988 includes an accumulated deficit in its Governmental Funds of $1.333 billion represented by liabilities of $11.214 billion and assets of $9.881 billion available to liquidate such liabilities. The accumulated governmental funds deficit includes a $3.420 billion accumulated General Fund deficit, consisting of the $3.279 billion accumulated deficit at April 1, 1987 increased by the $141 million operating deficit in the General Fund for fiscal 1988.

Revenues and other financing sources of the general governmental functions totaled $40.606 billion, an increase of $210 million (0.52%) over the previous year. The revenues from various sources, per Exhibit B, and the change from the previous year are shown in the following tabulation (amounts in thousands):





Revenues and Other Financing Sources

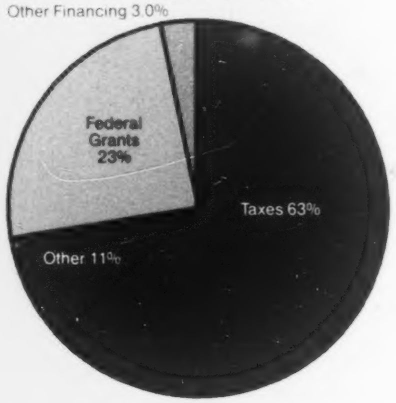
	1988	1987	Increase/(Decrease) Over 1987 Actual Amount	Increase/(Decrease) Over 1987 Actual Percent
Taxes				
Personal income	$ 13,420,483	$ 13,074,740	$ 345,743	2.64
General business	3,896,276	3,768,618	127,658	3.39
Consumption and use	7,057,446	6,668,593	388,853	5.83
Other	1,314,297	1,518,308	(204,011)	(13.44)
Subtotal	25,688,502	25,030,259	658,243	2.63
Federal grants	9,428,054	9,435,725	(7,671)	(0.08)
Other				
Lottery	1,497,343	1,383,196	114,147	8.25
Tuition and fees	688,598	676,296	12,302	1.82
Patient fees	570,481	580,885	(10,404)	(1.79)
Miscellaneous	1,845,547	1,662,411	183,136	11.02
Subtotal	4,601,969	4,302,788	299,181	6.95
Total revenues	39,718,525	38,768,772	949,753	2.45
Other financing sources	887,619	1,627,449	(739,830)	(45.46)
Total revenues and other financing sources	**$ 40,606,144**	**$ 40,396,221**	**$ 209,923**	**0.52**

Increases in revenues were highlighted by:

- Increases in tax revenues of $658 million. Personal income taxes accounted for $346 million of this increase which was due primarily to an increase in personal tax liability brought about by higher wages offset by lower tax rates.
- Consumption and use taxes increased by $389 million due to both strong demand for durable goods and a surge in new car sales during the fall of 1987.
- Other financing sources decreased $740 million. This decrease was attributed to a decline in the issuance of general obligation bonds of $256 million and a $405 million decline in the issuance of general obligation refunding bonds since none were issued during 1987-88.

Expenditures and other financing uses totaled $40.786 billion in fiscal 1988, which represents an increase of $2.361 billion (6.14%) over expenditures and other financing uses in fiscal 1987. Changes in expenditures by function from fiscal 1987 levels are presented in the following tabulation (amounts in thousands):

REVENUES—1988

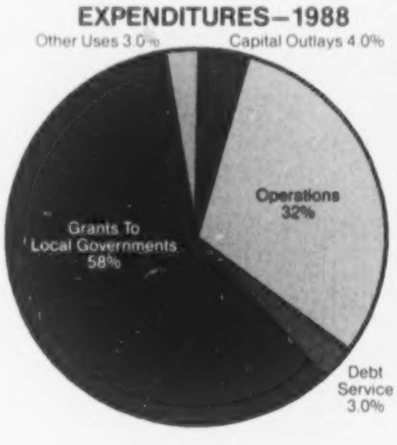


Expenditures and Other Financing Uses

	1988	1987	Increase/(Decrease) Over 1987 Actual Amount	Increase/(Decrease) Over 1987 Actual Percent
Grants to local governments				
Education	$ 9,243,963	$ 8,481,272	$ 762,691	8.99
Social services	10,968,822	10,819,934	148,888	1.38
Non-categorical aid	1,196,039	1,195,653	436	0.04
Health and environment	431,232	422,858	8,374	1.98
Transportation	219,214	380,364	(161,150)	(42.37)
Mental hygiene	724,076	599,943	124,133	20.69
Criminal justice	246,373	161,050	85,323	52.98
Other programs	626,600	625,116	1,484	0.24
Subtotal	23,656,369	22,686,190	970,179	4.28
Operations of State government	13,011,683	11,896,498	1,115,185	9.37
Debt service and financing arrangements	1,394,006	1,335,163	58,843	4.41
Capital outlays	1,720,352	1,699,562	20,790	1.22
Total expenditures	39,782,410	37,617,413	2,164,997	5.76
Other financing uses	$ 1,003,696	$ 807,750	$ 195,946	24.26
Total expenditures and other financing uses	**$ 40,786,106**	**$ 38,425,163**	**$ 2,360,943**	**6.14**

The major increases in expenditures included:

- Education increased $763 million and represents aid for elementary, secondary, and higher education for the general support of public schools.
- Operations of State Government increased $1.115 billion due primarily to increases in personal service and fringe benefit costs resulting from negotiated pay increases and implementation of pay equity adjustment. Increased costs of approximately $200 million relating to other than personal service reflects the growth of State agency programs.



Debt Administration and Other Financing Arrangements

There are a number of methods by which the State may incur debt. The State may issue general obligation bonds authorized by the voters and notes in anticipation of such bonds. The State, with voter approval, may also directly guarantee certain Authority obligations. Payments for debt service on State general obligations and State-guaranteed bonds or notes are legally enforceable obligations of the State. The State has never been called upon to make any direct payments pursuant to its guarantee.

The State has also entered into lease/purchase agreements and other financing arrangements with several public benefit corporations and municipalities. In addition, the State entered into various arrangements for the refinancing and purchase of equipment through the issuance of certificates of participation.

Bonds Payable and Short-Term Financing

The State's general obligation bonds are rated AA– by Standard and Poor's Corporation and A1 by Moody's Investors Service. The State had approximately $3.653 billion in general obligation bonds outstanding at year-end. During the year the State issued $180 million in general obligation bonds and redeemed $281 million. The total amount of general obligation bonded debt authorized but not yet issued at year-end is $2.702 billion.

Bond anticipation notes payable increased by $72 million resulting in a year-end balance of $202 million. The bond anticipation notes were issued, in the form of commercial paper, at an interest rate of 4.15% to 4.85%.

The State annually issues tax and revenue anticipation notes (TRANS) at the inception of each fiscal year. In April 1987 the State issued an aggregate amount of $2.6 billion which were repaid by March 1988. In April 1988 the State issued TRANS in the amount of $2.6 billion which mature on March 31, 1989.

The Public Benefit Corporations (PBC's) had approximately $22.235 billion in bonds payable and short-term debt outstanding at year-end. For further information regarding PBC debt refer to Note 16 of the Notes to Financial Statements.

The State has also entered into lease/purchase agreements with selected public benefit corporations and municipalities for certain of its capital facilities. Under the agreements, construction costs are initially paid from appropriations and repaid to the State from proceeds of bond issues.

The State also enters into other financing arrangements with several public benefit corporations. The terms of these arrangements require the State to fund the debt service requirements of the specific debt issued by the entity. The public benefit corporations will generally retain title to the assets acquired with the bond proceeds.

At year-end the State had long-term obligations of $7.603 billion under lease/purchase and other financing arrangements, an increase of $668 million from fiscal 1987.

Fiduciary Fund Type

The Fiduciary Fund Type includes Trust and Agency Funds and the State administered retirement systems. Trust and Agency Funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations and other governments. The Trust and Agency Funds reported a year-end fund balance of $3.737 billion as compared to the previous year-end of $3.252 billion.

The two major State administered retirement systems covering State employees and local government employees, outside of New York City, reported a combined net assets available for retirement benefits of $38.508 billion as compared to the previous year-end amount of $38.240 billion. For further information refer to Note 15 of the Notes to the Financial Statements.

Public Benefit Corporations

Public Benefit Corporations (PBCs), which includes Public Authorities, are legally separate entities that are not operating departments of the State. PBCs have been established for a variety of purposes for the benefit of the State's residents such as economic development, capital construction, financing and public transportation. The powers of the PBCs generally are vested in their governing boards. The Governor, with the approval of the State Senate, appoints the most members of the Board of most major PBCs and either the Governor or the Board selects the Chairman and chief operating officer. PBC's are not subject to the State constitutional restrictions on the incurrence of debt which apply to the State and may issue bonds and notes within legislatively authorized amounts.

PBCs submit annual reports to the Governor, the Legislature and the State Comptroller on their operations and finances accompanied by an independent auditor's report. PBCs are generally supported by revenues derived from their activities, although in recent years the State has provided special financial assistance, in some cases of a recurring nature, to certain PBCs for operating and other expenses, and in fulfillment of its commitments on moral obligation indebtedness. In accordance with the current standards of the Governmental Accounting Standards Board the PBCs have been presented as the Proprietary Fund Type in this report. The amounts presented in this report were derived from the PBCs most recent financial statements. At year-end these entities reflected a combined equity of $7.939 billion. For further information refer to Note 16 of the Notes to the Financial Statements.

Cash Management

Cash deposits into the State Treasury are controlled jointly by the State Comptroller and Commissioner of Taxation and Finance. Cash is managed in pooled investment funds to maximize interest earnings. Investments are made in accordance with the State Finance Law. Cash is primarily invested in repurchase agreements involving United States Treasury obligations and remaining funds are invested in United States Treasury Bills. For the fiscal year ended March 31, 1988 the average daily balance of pooled investment funds was $3.330 billion with an average yield of 6.64% and total investment income of $222 million. Cash deposits not held in the State Treasury and controlled by various State officials are generally held in interest bearing accounts.

General Fixed Assets

The general fixed assets of the State are those fixed assets used in the performance of general governmental functions. They do not include infrastructure or fixed assets of public benefit corporations. During the past three years the Office of General Services has developed a Fixed Assets Reporting System. Now, I would like to express my appreciation to the management of the Office of General Services and its dedicated staff for fulfilling the legislative mandate to inventory the State's general fixed assets. For the first time in the State's history we have an inventory record which provides us with the ability to report general fixed assets in the general purpose financial statements in accordance with GAAP, but more importantly the inventory system also provides a valuable data base for all State agencies to assist them in safeguarding and managing their fixed assets.

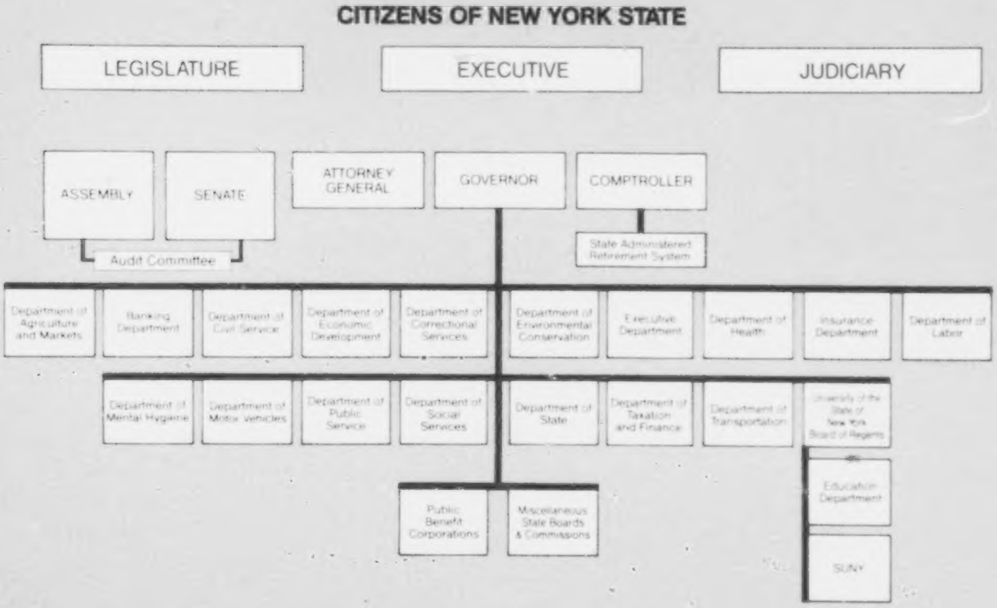
Conclusion

This report continues my commitment to the comprehensive disclosure and progressive leadership in financial reporting. It also shows the need for continued fiscal reform and spending reductions if we are to obtain our goals of reducing the accumulated deficit and short-term debt of the State.

This report could not have been prepared without the cooperation of all State agencies, the Legislature, and the Judiciary. I especially appreciate the professionalism and dedication demonstrated by my staff in the preparation of this report.

Edward V Regan

EDWARD V. REGAN
State Comptroller


CITIZENS OF NEW YORK STATE
LEGISLATURE
EXECUTIVE
JUDICIARY
ASSEMBLY
SENATE
Audit Committee
ATTORNEY GENERAL
GOVERNOR
COMPTROLLER
State Administered Retirement System
Department of Agriculture and Markets
Banking Department
Department of Civil Service
Department of Economic Development
Department of Correctional Services
Department of Environmental Conservation
Executive Department
Department of Health
Insurance Department
Department of Labor
Department of Mental Hygiene
Department of Motor Vehicles
Department of Public Service
Department of Social Services
Department of State
Department of Taxation and Finance
Department of Transportation
University of the State of New York Board of Regents
Education Department
SUNY
Public Benefit Corporations
Miscellaneous State Boards & Commissions

STATE OF NEW YORK
Selected State Officials

Executive
Mario M. Cuomo, Governor
Stanley Lundine, Lieutenant Governor
Edward V. Regan, Comptroller
Robert Abrams, Attorney General

Judicial
Sol Wachtler, Chief Judge
Court of Appeals of New York

Legislative
Warren M. Anderson, Temporary President of the Senate
Melvin H. Miller, Speaker of the Assembly
Manfred Ohrenstein, Senate Minority Leader
Clarence D. Rappleyea, Assembly Minority Leader

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Financial Section

KPMG Peat Marwick

Certified Public Accountants

Peat Marwick Main & Co.
34 North Pearl Street
Albany, NY 12207

The Audit Committee of the
New York State Legislature:

We have audited the general purpose financial statements of the State of New York as of and for the year ended March 31, 1988 as listed in the accompanying table of contents. The general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of certain entities, which statements reflect total assets and revenues relating to the State Lottery constituting 1% and 14% of the assets and revenues, respectively, of the Special Revenue Funds and 15% of the assets of the Trust and Agency Funds; and which statements reflect total assets and revenues constituting 67% and 86% of the assets and revenues, respectively, of the Public Benefit Corporations; nor did we audit the financial statements of the entities comprising the State Administered Retirement Systems. These statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of New York at March 31, 1988, and the results of its operations and the changes in financial position of the Nonexpendable Trust Funds, State Administered Retirement Systems, and Public Benefit Corporations for the year then ended in conformity with generally accepted accounting principles.

As discussed in notes 5 and 9 to the general purpose financial statements, the State changed its accounting for the general fixed assets account group and for advanced refundings of certain general long-term obligations, respectively, in the year ended March 31, 1988.

Member Firm of
Klynveld Peat Marwick Goerdeler

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of New York. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based upon our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not examine the data included in the introductory and statistical sections of this report, and accordingly, express no opinion thereon.

July 22, 1988

Peat Marwick Main & Co.

Boldt Castle—NYS *Dept. of Commerce*

General Purpose Financial Statements

Combined Balance Sheet

ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 1988
(Amounts in thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS:				
Cash and investments	$ 1,645,357	$ 814,173	$ 1,033,155	$ 388,289
Retirement systems investments	—	—	—	—
Receivables, net of allowances for uncollectibles:				
Taxes	3,549,124	45,726	—	—
Due from Federal government	—	1,364,022	—	111,018
Loans and leases	—	—	—	—
Other	146,764	18,206	376,661	50,622
Due from other funds	42,166	137,095	27,053	816
Marketable securities held in lieu of retainage	—	—	—	54,613
Fixed assets	—	—	—	—
Other assets	72,059	3,966	—	—
Assets available for future debt service	—	—	—	—
Amounts to be provided for retirement of general long-term obligations	—	—	—	—
Total assets	**$ 5,455,470**	**$ 2,383,188**	**$ 1,436,869**	**$ 605,358**
LIABILITIES:				
Tax refunds payable	$ 2,746,989	$ 5,385	$ —	$ —
Payable to local governments	3,901,433	562,106	—	—
Pension contributions payable	569,675	—	—	—
Accounts payable	299,711	152,640	4,136	331,134
Accrued liabilities	1,092,143	748,767	—	682
Due to other funds	117,603	65,457	5,703	46,251
Deferred revenues	148,287	1,339	210,128	2,781
Notes payable	—	—	—	201,570
Bonds payable	—	—	—	—
Obligations under lease/purchase and other financing arrangements	—	—	—	—
Other long-term liabilities	—	—	—	—
Total liabilities	**8,875,841**	**1,535,694**	**219,967**	**582,418**
EQUITY (DEFICIT):				
Fund balances (deficits):				
Reserved for:				
Encumbrances	501,239	153,034	—	2,477,863
Unemployment benefits	—	—	—	—
Debt service	—	—	717,962	—
Infrastructure trust	646,173	—	—	—
Tax stabilization	201,373	—	—	—
Education accumulation	655,298	—	—	—
Net retirement systems assets available for benefits	—	—	—	—
Other specified purposes	56,340	—	—	45,959
Unreserved	(5,480,794)	694,460	498,940	(2,500,882)
Investment in general fixed assets	—	—	—	—
Contributed capital	—	—	—	—
Retained earnings	—	—	—	—
Total equity (deficit)	**(3,420,371)**	**847,494**	**1,216,902**	**22,940**
Commitments and contingencies				
Total liabilities and equity (deficit)	**$ 5,455,470**	**$ 2,383,188**	**$ 1,436,869**	**$ 605,358**

See accompanying notes to financial statements.

EXHIBIT A

Account Groups		Fiduciary Fund Types		Proprietary Fund Type
General Fixed Assets	General Long-term Obligations	Trust and Agency	State Administered Retirement Systems	Public Benefit Corporations
$ —	$ —	$ 6,364,107	$ —	$ 12,982,305
—	—	—	35,812,531	—
—	—	740,941	—	—
—	—	37,218	—	83
—	—	—	—	10,720,595
—	—	245,124	3,107,473	1,435,122
—	—	69,635	—	—
—	—	—	—	—
8,709,373	—	—	—	12,222,195
—	—	—	7,023	824,077
—	1,216,902	—	—	—
—	12,492,718	—	—	—
$ 8,709,373	**$ 13,709,620**	**$ 7,457,025**	**$ 38,927,027**	**$ 38,184,377**
$ —	$ —	$ —	$ —	$ —
—	—	1,193,785	—	—
—	696,569	—	—	1,549,454
—	—	94,143	—	215,797
—	—	2,390,293	418,848	4,544,992
—	—	41,751	—	—
—	—	—	—	513,242
—	—	—	—	692,702
—	3,653,167	—	—	21,541,816
—	7,603,067	—	—	—
—	1,756,817	—	—	1,186,919
—	**13,709,620**	**3,719,972**	**418,848**	**30,244,922**
—	—	—	—	—
—	—	3,293,842	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	38,508,179	—
—	—	443,211	—	—
—	—	—	—	—
8,709,373	—	—	—	—
—	—	—	—	4,158,538
—	—	—	—	3,780,917
8,709,373	**—**	**3,737,053**	**38,508,179**	**7,939,455**
$ 8,709,373	**$ 13,709,620**	**$ 7,457,025**	**$ 38,927,027**	**$ 38,184,377**

Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

Year Ended March 31, 1988
(Amounts in thousands)

	Governmental		
	General	Special Revenue	Debt Service
REVENUES:			
Taxes:			
Personal income	$ 13,420,483	$ —	$ —
General business	3,439,274	457,002	—
Consumption and use	6,811,121	215,677	30,648
Unemployment	—	—	—
Other	1,314,297	—	—
Federal grants	56,310	8,745,737	1,694
Lottery	—	1,497,343	—
Tuition and fees	—	—	688,598
Patient fees	—	—	570,481
Miscellaneous	1,445,648	142,538	189,074
Total revenues	**26,487,133**	**11,058,297**	**1,480,495**
EXPENDITURES:			
Grants to local government:			
Education	7,712,235	1,528,144	—
Social services	5,101,885	5,866,937	—
Non-categorical aid	1,196,089	—	—
Health and environment	219,093	151,416	—
Transportation	206,239	—	—
Mental hygiene	654,793	48,053	—
Criminal justice	238,901	7,472	—
Other programs	308,116	312,886	—
Operation of state departments and agencies:			
Personal service costs	6,916,094	370,612	—
Non-personal service costs	2,483,717	1,137,862	—
Pension contribution	662,293	27,281	—
Other fringe benefits	1,351,254	62,570	—
Debt service, including payments on financing arrangements	135,841	—	1,258,165
Capital construction	—	—	—
Unemployment benefits	—	—	—
Total expenditures	**27,186,550**	**9,513,233**	**1,258,165**
Excess (deficiency) of revenues over expenditures	**(699,417)**	**1,545,064**	**222,330**
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds	2,181,267	48,905	1,651,619
Operating transfers to other funds	(1,623,001)	(1,476,216)	(1,954,357)
Proceeds of general obligation bonds	—	—	—
Proceeds from financing arrangements/advance refundings	—	—	488,545
Payments on advance refundings	—	—	(488,545)
Net other financing sources (uses)	**558,266**	**(1,427,311)**	**(302,738)**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(141,151)	117,753	(80,408)
Fund balances (deficits) at April 1, 1987	(3,279,220)	729,741	1,297,310
Fund balances (deficits) at March 31, 1988	**$ (3,420,371)**	**$ 847,494**	**$ 1,216,902**

See accompanying notes to financial statements.

EXHIBIT B

Fund Types		Fiduciary Fund Type
Capital Projects	Total (Memorandum Only)	Expendable Trust
$ —	$ 13,420,483	$ —
—	3,896,276	—
—	7,057,446	—
—	—	1,427,825
—	1,314,297	—
624,313	9,428,054	16,038
—	1,497,343	—
—	688,598	—
—	570,481	—
68,287	1,845,547	279,346
692,600	39,718,525	1,723,209
3,584	9,243,963	—
—	10,968,822	—
—	1,196,089	—
60,723	431,232	—
12,975	219,214	—
21,230	724,076	—
—	246,373	—
5,598	626,600	2,731
—	7,286,706	2,320
—	3,621,579	110,630
—	689,574	—
—	1,413,824	570
—	1,394,006	—
1,720,352	1,720,352	—
—	—	1,124,871
1,824,462	39,782,410	1,241,122
(1,131,862)	(63,885)	482,087
599,611	4,481,402	—
(131,524)	(5,185,098)	—
180,000	180,000	—
407,619	896,164	—
—	(488,545)	—
1,055,706	(116,077)	—
(76,155)	(179,962)	482,087
99,096	(1,153,073)	2,951,623
$ 22,940	$ (1,333,035)	$ 3,433,710

Combined Statement of Cash Receipts and Disbursements

BUDGETARY BASIS—FINANCIAL PLAN AND ACTUAL GOVERNMENTAL FUND TYPES

Year Ended March 31, 1988
(Amounts in thousands)

	General			Special Revenue		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$25,991,000	$25,471,100	$ (519,900)	$ 715,800	$ 706,900	$ (8,900)
Miscellaneous	1,138,000	1,174,400	36,400	2,046,200	2,046,800	600
Federal grants	75,000	68,000	(7,000)	9,145,200	8,766,900	(378,300)
Total receipts	**27,204,000**	**26,713,500**	**(490,500)**	**11,907,200**	**11,520,600**	**(386,600)**
DISBURSEMENTS:						
Grants to local governments	16,846,000	16,616,400	229,600	9,200,200	8,911,600	288,600
Departmental operations	6,639,000	6,624,400	14,600	3,036,100	2,905,200	130,900
General state charges	1,825,000	1,710,900	114,100	190,000	164,500	25,500
Debt service	136,000	135,800	200	—	—	—
Capital projects	—	—	—	18,000	3,900	14,100
Total disbursements	**25,446,000**	**25,087,500**	**358,500**	**12,444,300**	**11,985,200**	**459,100**
Receipts over (under) disbursements	**1,758,000**	**1,626,000**	**(132,000)**	**(537,100)**	**(464,600)**	**72,500**
OTHER FINANCING SOURCES (USES):						
Bond proceeds, net	—	—	—	—	—	—
Transfers from other funds	156,500	161,400	4,900	2,694,500	2,621,400	(73,100)
Transfers to other funds	(1,898,300)	(1,903,700)	(5,400)	(1,043,900)	(1,041,400)	2,500
Net other financing sources (uses)	**(1,741,800)**	**(1,742,300)**	**(500)**	**1,650,600**	**1,580,000**	**(70,600)**
Receipts and other financing sources over (under) disbursements and other financing uses	16,200	(116,300)	(132,500)	1,113,500	1,115,400	1,900
Fund balances at April 1, 1987	169,000	169,000	—	1,075,800	1,075,800	—
Fund balances at March 31, 1988	**$ 185,200**	**$ 52,700**	**$ (132,500)**	**$ 2,189,300**	**$ 2,191,200**	**$ 1,900**

See accompanying notes to financial statements.

EXHIBIT C

Debt Service			Capital Projects		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 30,000	$ 30,600	$ 600	$ —	$ —	$ —
1,303,200	1,287,000	(16,200)	505,800	464,000	(41,800)
12,000	15,500	3,500	650,700	602,900	(47,800)
1,345,200	1,333,100	(12,100)	1,156,500	1,066,900	(89,600)
—	—	—	—	—	—
—	—	—	5,000	3,800	1,200
—	—	—	—	300	(300)
1,017,200	1,008,300	8,900	—	—	—
—	—	—	1,895,300	1,810,100	85,200
1,017,200	1,008,300	8,900	1,900,300	1,814,200	86,100
328,000	324,800	(3,200)	(743,800)	(747,300)	(3,500)
—	—	—	250,000	251,500	1,500
1,497,700	1,480,600	(17,100)	425,700	485,700	60,000
(1,838,700)	(1,777,300)	61,400	(22,500)	(22,500)	—
(341,000)	(296,700)	44,300	653,200	714,700	61,500
(13,000)	28,100	41,100	(90,600)	(32,600)	58,000
203,300	203,300	—	225,700	225,700	—
$ 190,300	$ 231,400	$ 41,100	$ 135,100	$ 193,100	$ 58,000

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances

EXHIBIT D

NONEXPENDABLE TRUST FUNDS, STATE ADMINISTERED RETIREMENT SYSTEMS AND PUBLIC BENEFIT CORPORATIONS

Year Ended March 31, 1988
(Amounts in thousands)

	Fiduciary Fund Types		Proprietary Fund Type
	Nonexpendable Trust	State Administered Retirement Systems	Public Benefit Corporations
OPERATING REVENUES:			
Charges for services	$ —	$ —	$ 4,719,065
Financing income	—	—	909,995
Investment earnings	—	104,943	661,606
Contributions to pension plans	—	1,655,201	—
Miscellaneous	49,056	—	253,048
Total operating revenues	49,056	1,760,144	6,543,714
OPERATING EXPENSES:			
Operations	46,273	31,774	6,894,838
Depreciation and amortization	—	—	397,141
Interest	—	—	1,029,563
Retirement benefits	—	1,460,116	—
Total operating expenses	46,273	1,491,890	8,321,542
Operating income (loss)	2,783	268,254	(1,777,828)
NONOPERATING REVENUES (EXPENSES):			
Non-State subsidies and grants	641	—	1,635,093
Interest revenues	—	—	204,171
Interest expenses	—	—	(466,829)
Other, net	—	—	(151,483)
Total nonoperating revenues (expenses)	641	—	1,220,952
Income (loss) before operating transfers	3,424	268,254	(556,876)
Operating transfers from other funds	—	—	1,170,547
Operating transfers to other funds	(450)	—	(485,000)
Net income	2,974	268,254	128,671
Retained earnings/fund balances at beginning of year, as restated	300,369	38,239,925	3,652,246
Retained earnings/fund balances at end of year	$ 303,343	$ 38,508,179	$ 3,780,917

See accompanying notes to financial statements.

Combined Statement of Changes in Financial Position

EXHIBIT E

NONEXPENDABLE TRUST FUNDS, STATE ADMINISTERED RETIREMENT SYSTEMS AND PUBLIC BENEFIT CORPORATIONS

Year Ended March 31, 1988
(Amounts in thousands)

	Fiduciary Fund Types		Proprietary Fund Type
	Nonexpendable Trust	State Administered Retirement Systems	Public Benefit Corporations
SOURCES OF CASH AND INVESTMENTS:			
Operations:			
Net income	$ 2,974	$ 268,254	$ 128,671
Items not requiring (providing) cash and investments:			
Depreciation and amortization	—	—	397,141
Other	—	—	(2,756)
Total sources of cash and investments from operations	2,974	268,254	523,056
Proceeds from issuance of bonds	—	—	3,677,863
Proceeds from issuance of notes	—	—	393,732
Principal collections on loans and leases receivables	—	—	830,988
Capital contributions	—	—	462,554
Increase in accounts payable	474	—	6,486
Increase in pension contributions payable	—	—	54,682
Increase in accrued liabilities	34	—	606,267
Increase in due to other funds	—	—	—
Increase in deferred revenues	—	—	51,035
Proceeds from other long-term liabilities	—	—	58,219
Decrease in other receivables	113	54,599	57,503
Decrease in other assets	—	200	12,469
Other	—	—	226,043
Total cash and investments provided	3,595	323,053	6,960,897
USES OF CASH AND INVESTMENTS:			
Acquisition of fixed assets	—	—	1,933,513
Repayment of bonds	—	—	3,106,559
Repayment of notes	—	—	24,445
Decrease in accrued liabilities	—	132,314	312,999
Repayment of other long-term liabilities	—	—	52,873
Decrease in accounts payable	223	—	365
Loans and leases receivable advanced	—	—	1,714,356
Increase in other receivables	5,766	—	389,433
Increase in due from other funds	910	—	—
Increase in other assets	—	—	61,216
Decrease in deferred revenues	—	—	77,298
Decrease in pension contributions payable	—	—	716
Net increase in retirement systems investments	—	190,739	—
Other	8	—	4,514
Total cash and investments used	6,907	323,053	7,678,287
Net decrease in cash and investments	(3,312)	—	(717,390)
Cash and investments at beginning of year	180,570	—	13,699,695
Cash and investments at end of year	$ 177,258	$ —	$ 12,982,305

See accompanying notes to financial statements.

Notes to Financial Statements

March 31, 1988

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying general purpose financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

The general purpose financial statements include all funds and account groups of the State of New York (the "State") as well as agencies, boards, commissions, public benefit corporations and other organizational entities for which the State has oversight responsibility, and are consequently determined to be includable in the State's financial reporting entity.

The general purpose financial statements have been prepared primarily from accounts maintained by the State Comptroller. Additional data has been derived from reports prescribed by the State Comptroller and prepared by State departments, agencies, public benefit corporations and other entities based on independent or subsidiary accounting systems maintained by them.

The State records its transactions in the fund types and account groups described below. Transactions between funds within a fund type, if any, have been eliminated.

Governmental Fund Types:

General—is the general operating fund of the State and is used to account for all financial transactions except those required to be accounted for in another fund. The routine operations of the State University of New York (SUNY) and City University of New York (CUNY) are included in the General Fund (CUNY based on its June 30, 1987 fiscal year).

Special Revenue—is used to account for the proceeds of specific revenue sources (other than debt service, expendable trust or major capital projects) such as Federal grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either the State Legislature or outside parties.

Debt Service—is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term obligations. Debt service related activities of the SUNY and CUNY Construction Funds and the Facilities Development Corporation are included in the Debt Service Funds. (CUNY Construction Fund is based on its June 30, 1987 fiscal year).

Capital Projects—is used to account for the financial resources used for acquisition or construction of major state-owned capital facilities and for capital assistance grants to local governments.

Account Groups:

General Fixed Assets Account Group—is used to account for general fixed assets of the State exclusive of assets held by public benefit corporations.

General Long-term Obligations Account Group—is used to account for long-term obligations of the State including bonds, obligations under lease/purchase and other financing arrangements, certain pension contributions and other long-term obligations exclusive of liabilities of public benefit corporations.

Fiduciary Fund Types:

Trust and Agency—includes Expendable and Nonexpendable Trust Funds and Agency Funds and are used to account for assets held by the State in a trustee capacity (e.g. endowments, pensions and student loans) or as an agent for individuals, private organizations and other governments.

State Administered Retirement Systems—presents the two State administered retirement systems for which the State has oversight responsibility. The accounts of these systems are derived from annual financial statements as follows:

System	Year End
State and Local Employees Retirement System	March 31, 1988
State and Local Police and Fire Retirement System	March 31, 1988

Additional information about each of the systems is provided in Note 15. These systems are considered one System for financial reporting purposes.

The Teacher's Retirement System is not included in the accompanying general purpose financial statements because the extent of the State's oversight responsibility (as determined by GAAP) is not sufficient to warrant inclusion.

Proprietary Fund Type— Public Benefit Corporations:

The accounts of public benefit corporations, public authorities, private not-for-profit corporations and similar entities (hereinafter called public benefit corporations) in the accompanying general purpose financial statements are derived from the most recently issued annual financial statements and are presented as the Proprietary Fund Type. The inclusion of these entities in the State's general purpose financial statements reflects the oversight role exercised by the State, but does not affect their separate legal standing. Oversight is defined to include criteria such as appointment of the board, designation of management, scope of public service and the ability to significantly influence operations.

The State has oversight responsibility for two authorities, the Municipal Assistance Corporation for the City of New York and the United Nations Development Corporation, that are not included in the accompanying general purpose financial statements. They are excluded because they are considered an integral part of the financing of the City of New York. SUNY and CUNY community colleges are excluded because they are considered an integral part of various local governments.

Additional information about Public Benefit Corporations, including an explanation of the entities included, is provided in Note 16.

b. Basis of Accounting

Governmental Fund Types and Expendable Trust Funds are accounted for on the modified accrual basis of accounting. Revenues and related receivables are recorded in the accounting period that they become both measurable and available, i.e., earned and collected or expected to be collected within the next 12 months. Tax revenues are recorded by the State as taxpayers earn income (personal income, general business and other taxes), as sales are made (consumption and use taxes) and as cash is received (miscellaneous taxes), net of estimated overpayments (refunds). Receivables not expected to be collected within the next 12 months are recorded as deferred revenues. Expenditures and related liabilities are recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next 12 months, except for vacation leave and interest on general long-term obligations which are recorded when paid and certain pension contributions. The portion of the liabilities which are expected to be paid beyond 12 months is recorded in the General Long-term Obligations Account Group except for certain pension contributions which are being paid over the next 15 years (see Note 15).

Nonexpendable Trust Funds, State Administered Retirement Systems and Public Benefit Corporations are accounted for on the accrual basis. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis which approximates the modified accrual basis of accounting.

c. Cash and Investments

Cash balances of funds held in the State Treasury are commingled in a general checking account and several special purpose bank accounts. The available cash balance in the general checking account beyond immediate need is pooled for short-term investment purposes. The balances pooled are limited to legally-stipulated investments which are reported at cost which approximates market value. Included in cash and investments are non-interest bearing compensating balances of $248 million. Cash balances not held in the State Treasury and controlled by various State officials are generally deposited in interest bearing accounts or other legally-stipulated investments (see Note 2).

d. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience and current economic conditions. Due from Federal government represents amounts owed to the State to reimburse it for expenditures incurred pursuant to federally funded programs. Other receivables represent amounts owed to the State, including lottery revenues, tuition fees, student loans and patient fees of SUNY and Health Department hospitals and various Mental Hygiene facilities.

e. Marketable Securities Held in Lieu of Retainage

The State Comptroller is authorized to accept and hold certain securities from contractors as collateral in lieu of retainage. These securities are reported at market value and are held in trust by the State Comptroller until satisfactory completion of the contract. Interest earned on these securities accrues to the contractors.

f. General Fixed Assets

The State reports general fixed assets, consisting of: (1) land in urban centers, rural areas, and forest preserves; (2) buildings which house State offices, hospitals and educational facilities; (3) equipment used in construction work, hospitals, offices, etc. and (4) construction in progress. Fixed assets in the General Fixed Assets Account Group are reported at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The State capitalizes equipment which has a cost in excess of $15 thousand at the date of acquisition and has an expected useful life of two or more years. All initial building costs and land is capitalized. Building improvements and renovations in excess of $100 thousand are capitalized if 75% of the useful life of the component has expired and if the useful life of the asset has been extended as a result of the renovation or the improvement has a useful life of two or more years. Interest incurred during construction is not capitalized. General fixed assets are not depreciated. Infrastructure (e.g., roads, bridges, dams, canals etc.) is not reported in the general purpose financial statements.

g. Tax Refunds Payable

Tax refunds payable represent amounts owed to taxpayers related to the 1987 calendar year and the first quarter of the 1988 calendar year. These amounts are recorded as a reduction of tax revenues.

h. Long-term Obligations

The liabilities reported in the General Long-term Obligations Account Group include the State's general obligation bonds, obligations under lease/purchase and other financing arrangements, certain pension contributions and other long-term liabilities including vacation leave, litigation, disallowances, Medicaid (State and Federal share), workers' compensation and other health insurance related liabilities pertaining to the governmental funds.

i. Compensated Absences

The State records vacation leave as an expenditure when paid. The estimated liability at March 31, 1988 ($555 million) is reported in the General Long-term Obligations

Account Group. Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 25 days a year, but may accumulate no more than a maximum of 40 days. Employees also earn sick leave credits which are recorded as an expenditure when paid. Such credits generally do not vest; accordingly, the estimated contingent liability of $1.549 billion is not reported in the accompanying general purpose financial statements.

j. Lease Accounting

The construction of certain State office buildings, campus facilities, and other public facilities has been financed through bonds and notes issued by public benefit corporations or local governments pursuant to lease/purchase agreements with the State (see Note 9).

These lease/purchase contracts are capital leases for which the State's rental payments over the duration of the agreements constitute long-term liabilities. The amount included in obligations under lease/purchase and other financing arrangements consists of total future principal payments and equals the outstanding balance of the related bonds and notes.

k. State Lottery

The State Lottery is accounted for within two funds. The revenues, administrative costs, aid to education and the expenditures for revenues allocated to prizes are reported in a Special Revenue Fund. Uncollected ticket sales at March 31, 1988 are accrued. Monies allocated to prizes are accumulated in an Agency Fund to be distributed at the appropriate time. Such monies are invested in U.S. government backed obligations which are recorded at amortized cost. Lottery prize liabilities are recorded in the Agency Fund at a discounted value equivalent to the related investments. At March 31, 1988 the prize liabilities of approximately $1.3 billion were reported at a discounted value of approximately $624 million (at interest rates of 5.52% to 13.55%).

l. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the General Fund, Special Revenue Funds and Capital Projects Funds. The cost of construction contract commitments generally is recorded as an encumbrance of Capital Projects Funds and is presented as a reserve for encumbrances. These committed amounts generally will become liabilities in future periods as the construction work is performed by the contractors. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

m. Reserve for Infrastructure Trust

Pursuant to law, certain receipts of personal income taxes applicable to the 1986 calendar year which were received through December 31, 1987 are reserved for future use based upon legislative authorization. Subsequent to year-end the Legislature enacted legislation authorizing the use of these reserves to help finance a potential shortfall in 1988-89 General Fund revenues. Any such use of these reserves is subject to repayment as defined in the legislation.

n. Reserve for Tax Stabilization

Pursuant to law, receipts in excess of disbursements of the Local Assistance and State Purposes Accounts not otherwise appropriated are required to be transferred to the Tax Stabilization Reserve Fund at the end of each fiscal year. These amounts may be borrowed by these two accounts temporarily and repaid within the same fiscal year. They may also be borrowed to cover an operating deficit at year end. Generally, these loans must be repaid within six years in no less than three equal annual installments. The amount reported represents cash of $53 million and $148 million of unpaid accumulated borrowings as of March 31, 1988. During fiscal year 1987-88 the State Purposes Account borrowed $132 million from the Tax Stabilization Reserve Fund.

o. Reserve for Education Accumulation

For the 1987-88 fiscal year the State appropriated and reserved $655 million to provide an offset for the liability for education aid (see Note 6). These funds are available for payment of accrued education aid during the first quarter of the 1988-89 fiscal year.

p. Post-retirement Benefits

In addition to providing pension benefits, the State provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the State's employees may become eligible for these benefits if they reach normal retirement age while working for the State. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The State recognizes the cost of providing health insurance by recording its share of insurance premiums ($165 million for 82,240 retirees and their dependents) as an expenditure in the General Fund in the year paid. Additionally, the survivor's benefit program provides for a death benefit to be paid by the State to a retiree's designated beneficiary. During the year $6 million was paid on behalf of 2,292 retirees and recorded as an expenditure in the General Fund.

q. Deferred Compensation

The State and other participating public jurisdictions offer their employees a Deferred Compensation Plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all employees, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with the amounts, and all income attributable to these amounts are solely the property and rights of the employer, subject only to the claims of the employer's general creditors. Participants' rights under the Plan are equal to those of general creditors of the employer in an amount equal to the fair market value of the deferred account of each participant. The State has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes it is unlikely that Plan assets will be used to satisfy future claims of general creditors. Of the $228 million in the Plan at March 31, 1988 (reported within the Agency Funds), $191 million was applicable to the State while the remaining $37 million represents the assets of the other jurisdictions participating in the plan.

r. Total (Memorandum Only) Column

The total column in Exhibit B is captioned "Total (Memorandum Only)" to indicate that it is presented only to facilitate financial analysis of the governmental funds. Data in the column is not the equivalent of consolidated financial information.

s. Reclassifications

The presentation of certain financial transactions differs from the presentation of such items in 1987. Within the governmental funds, subsidies to public benefit corporations that were previously reported as grants to local governments are now reported as operating transfers to other funds. Within the Public Benefit Corporations, State subsidies that were previously reported as revenues are now reported as operating transfers from other funds, certain revenues are now reported as nonoperating revenues and certain interest expense is now reported as nonoperating expense.

In prior years Exhibit D reported changes in total equity of Public Benefit Corporations whereas this year it reports changes in retained earnings. Changes in the other component of equity, contributed capital, are reported in Exhibit E and explained in Note 16.

Note 2

DEPOSITS AND INVESTMENTS

Custodians are authorized by various statutes to deposit funds in checking accounts or interest bearing accounts including certificates of deposit. Legally authorized investments vary by fund but generally include: Obligations of or guaranteed by the United States; obligations of New York State and its political subdivisions; and repurchase agreements.

Information on deposits and investments of State Administered Retirement Systems is presented in Note 15 and for Public Benefit Corporations in Note 16.

Deposits

The State maintains approximately 3,000 bank accounts for various purposes at locations throughout the State. Bank deposits may be under the joint custody of the State Comptroller and the Commissioner of Taxation and Finance or under the sole custody of a specified State official. Both the State Comptroller and the Commissioner of Taxation and Finance are also sole custodians of certain accounts. Cash balances not required for immediate use are invested either through a short-term investment pool (STIP) administered by the State Comptroller or by the fund custodian.

For demand or checking accounts the State requires that its depository banks pledge collateral based on average daily available bank balances. All securities pledged as collateral are held by the State's fiscal agent in the name of the custodian or the State. The State's deposits with financial institutions were fully collateralized at fiscal year end. The use of average daily available balances to determine collateral requirements results in the available balances being undercollateralized at various times during the fiscal year. The State's cash management policy is to invest all major revenues as soon as the moneys are available within the banking system which limits undercollateralization.

Investments

The State holds investments both for its own benefit and as an agent for other parties. Major investment programs conducted for the direct benefit of the State include STIP which is used for the temporary investment of funds not required for immediate payments, sole custody funds administered by the Department of Taxation and Finance, and funds of the Division of the Lottery.

The following table presents the carrying amount and market value of investments by type and categorizes the carrying amounts as follows. Category 1 are those which are insured or registered, or held by New York State or its agent in the State's name and Category 2 are those which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name (amounts in thousands):

	Category		Carrying Amount	Market Value
	1	2		
Repurchase agreements	$ 3,264,634	$ 41,506	$ 3,306,140	$ 3,306,140
Government securities	3,333,829	400,233	3,734,062	3,802,772
Corporate bonds	19,223	—	19,223	18,627
Equity securities	96,155	—	96,155	100,289
Other	13,025	69,943	82,968	82,968
Total	**$ 6,726,866**	**$ 511,682**	**$ 7,238,548**	**$ 7,310,796**

Also included in the accompanying general purpose financial statements are securities which either were not acquired for investment purposes or cannot be categorized. The State Deferred Compensation Plan invests in various mutual funds at the direction of the participants. These investments had a carrying amount and market value of $228 million at March 31, 1988. The SUNY endowment fund and the trustees of certificates of participation also had investments in mutual funds which had a carrying amount and market value totaling $34 million at March 31, 1988. Employers seeking self-insurer status for worker's compensation purposes may deposit securities specified by

Section 235 of the New York State Banking Law with the chairman of the Worker's Compensation Board. The State holds these securities (carrying amount $47 million, which approximates market) only as an agent for the employers. Securities which are unclaimed at financial institutions are transferred periodically to the State and are held temporarily by the State until they can be liquidated. The securities or proceeds can be claimed by the owners under established procedures (see Note 12). These securities have a carrying amount and market value of $10 million at March 31, 1988. The State also holds cash and securities deposited by contractors in lieu of retainage on contract payments (carrying amount and market value of $55 million) and by hospitals under the bad debt and charity pool program (carrying amounts $169 million). In addition, the State has approximately $2.5 billion on deposit with the United States Government. These funds represent unemployment insurance taxes collected from New York State employers which are transferred daily to the Federal Unemployment Insurance Fund in the U.S. Treasury.

Note 3

TAXES RECEIVABLE

Taxes receivable represent amounts owed by taxpayers for the 1987 calendar year and the first quarter of the 1988 calendar year, including assessments for underpayments, penalties and interest. Taxes receivable are accrued when they become both measurable and available based on actual collections or estimates of amounts to be collected in the next 12 months.

Personal income tax (PIT) revenues are reported by the State as income is earned by the taxpayers. The primary components of the PIT receivable are the estimated and withholding payments which relate to the first quarter of the 1988 calendar year, payments with final returns which relate to the 1987 calendar year, and assessments which relate to prior tax periods.

General business tax revenues are reported by the State as businesses earn income. General business tax receivables are comprised of estimated tax payments, payments remitted with final returns, and assessments.

Consumption and use tax revenues are reported by the State in the fiscal period when the sale is made. The principal component of this receivable is sales tax receivables which include sales tax due through March 31, 1988 and assessments.

Unemployment tax receivables represent taxes on payrolls incurred by employers prior to April 1, 1988 and received by the State after March 31, 1988.

Taxes receivable at March 31, 1988 are summarized as follows (amounts in thousands):

	General	Special Revenue	Trust and Agency
Personal income	$ 2,542,330	$ —	$ —
General business	253,061	34,351	—
Consumption and use	490,429	11,375	—
Unemployment	—	—	740,941
Other	263,304	—	—
Total	**$ 3,549,124**	**$ 45,726**	**$ 740,941**

Note 4

OTHER RECEIVABLES

Other receivables at March 31, 1988 are summarized as follows (amounts in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
Miscellaneous receivables					
Lottery	$ —	$ 18,157	$ —	$ —	$ —
Tuition and fees	—	—	23,258	—	—
Patient fees	—	—	495,944	—	—
Student loans	—	—	—	—	154,022
Other	97,955	49	130,146	4,663	118,589
	97,955	**18,206**	**649,348**	**4,663**	**272,611**
Allowance for uncollectibles	7,531	—	272,687	—	27,487
	90,424	**18,206**	**376,661**	**4,663**	**245,124**
Appropriated loans					
Assessments	58,619	—	—	30,497	—
Due from local governments	5,079	—	—	2,746	—
Due from public benefit corporations	78,249	—	—	699,790	—
	141,947	—	—	**733,033**	—
Allowance for uncollectibles	(85,607)	—	—	(687,074)	—
	56,340	—	—	**45,959**	—
Total	**$ 146,764**	**$ 18,206**	**$ 376,661**	**$ 50,622**	**$ 245,124**

Appropriated loans represent monies appropriated in the form of loans or advances from the General Fund to finance agency or public benefit corporations' operations, or from various Capital Projects Funds to finance construction or debt service of public benefit corporations or local governments. The underlying appropriation bills provide that amounts will be repaid pursuant to repayment agreements with public benefit corporations or local governments. The loans are reported net of estimated uncollectible amounts and as a reservation of fund balance.

Note 5

GENERAL FIXED ASSETS

The classes of general fixed assets at March 31, 1988 are as follows (amounts in thousands):

Classes	
Land	$ 567,977
Land Improvements	265,204
Buildings	6,669,343
Equipment	668,547
	8,171,071
Construction in Progress	538,302
Total	**$ 8,709,373**

General fixed assets, excluding construction in progress, at March 31, 1988 by State Department consisted of the following (amounts in thousands):

Department	Land	Land Improvements	Buildings	Equipment	Department Total
City University of New York	$ 17,743	$ —	$ 823,776	$ 44,361	$ 885,880
Correctional Services	5,066	63,285	497,229	21,290	586,870
Division for Youth	7,615	2,436	44,905	1,558	56,514
Environmental Conservation	133,642	7,714	31,934	25,954	199,244
Health	2,422	746	81,100	25,224	109,492
Mental Hygiene	98,718	20,689	797,687	23,809	940,903
Office of General Services	51,610	24,482	1,191,753	40,067	1,307,912
Parks and Recreation	112,736	80,640	105,773	7,580	306,729
State University of New York	56,721	38,043	2,381,723	193,465	2,669,952
Transportation	67,897	18,005	94,956	136,187	317,045
Other	13,807	9,164	618,507	149,052	790,530
Total	**$ 567,977**	**$ 265,204**	**$ 6,669,343**	**$ 668,547**	**$ 8,171,071**

Accounting Change

In prior years the general fixed assets reported were incomplete. During fiscal year 1987-88 a multi-year project to inventory and value the State's general fixed assets and to create a system to perpetuate such amounts was completed. Accordingly, the General Fixed Assets Account Group reported at March 31, 1988 includes all general fixed assets in accordance with the capitalization policies described in Note 1(f). The impact of this change on prior years is indeterminable.

Note 6

PAYABLE TO LOCAL GOVERNMENTS

a. Governmental Fund Types

At March 31, 1988 the State was liable to various municipalities and school districts for unpaid State aid for education ($2.674 billion) and other purposes ($1.789 billion). The liability for aid to education represents amounts earned by school districts ratably over the school districts' fiscal year in excess of amounts paid prior to March 31, 1988. This liability was appropriated by the State Legislature for payment during April, May and June of 1988. The need to liquidate this liability within the first three months of the ensuing fiscal year contributes significantly to the State's short-term borrowing needs each Spring (see Note 7).

b. Trust and Agency Funds

At March 31, 1988 the State, in its fiduciary capacity to collect the local share of sales tax revenues and various escrow funds, reported liabilities of $1.194 billion to various local governments.

Note 7

SHORT-TERM FINANCING

Notes, including commercial paper and bond anticipation notes, are issued by the State in anticipation of the proceeds of voter-authorized bond issues. Notes may be issued for a term not exceeding two years. The notes may be redeemed only from the proceeds of permanent bonds or reissued notes. Notes outstanding at March 31, 1988 were issued at rates of 4.15% to 4.85% and included $200 million of commercial paper.

Changes in notes during the year (not including renewals) were as follows (amounts in thousands):

Purpose	Outstanding April 1, 1987	Issued	Redeemed	Outstanding March 31, 1988
Housing—urban renewal	$ 140	$ 260	$ 400	$ —
Pure waters	—	1,700	—	1,700
Rebuild New York transportation renewal	129,870	70,000	—	199,870
Total	**$ 130,010**	**$ 71,960**	**$ 400**	**$ 201,570**

The State issues tax and revenue anticipation notes in bearer form annually, at the inception of each fiscal year. These notes are issued primarily because the State makes almost one-half of its payments of grants to local governments and a substantial portion of the personal income tax refunds during the first quarter of the fiscal year while tax and other revenues are received more ratably over the fiscal year.

In April 1988 the State issued such notes in the aggregate amount of $2.6 billion. The notes were issued at an interest rate of 5.30% and are payable on March 31, 1989. The notes are general obligations of the State and have the full faith and credit of the State. The principal and interest will be paid from taxes and miscellaneous revenues of the General Fund. The State Comptroller is required by statute to impound sufficient funds in a separate bank account to pay principal and interest on the notes at maturity. Similarly, tax and revenue anticipation notes of $2.6 billion were issued in April 1987 and repaid by March 31, 1988.

Note 8

BONDS PAYABLE

General obligation bonds are backed by the full faith and credit of the State and must be repaid in equal annual installments beginning not more than one year after issuance of such bonds. Changes for the year were as follows (amounts in thousands):

Purpose	Outstanding April 1, 1987	Issued	Redeemed	Outstanding March 31, 1988
Grade crossing elimination (2.5%-4.0%)	$ 800	$ —	$ 800	$ —
Environmental quality protection:				
Air (5.25%-12.5%)	47,080	—	5,020	42,060
Land (4.0%-12.5%)	199,200	2,000	11,530	189,670
Wetlands (5.25%-6.0%)	1,396	—	231	1,165
Water (3.75%-12.5%)	314,034	22,800	16,309	320,525
Higher education (2.0%-6.5%)	91,080	—	5,800	85,280
Highway construction (3.4%-4.2%)	13,150	—	13,150	—
Housing:				
Low cost (1.0%-7.0%)	427,710	—	19,054	408,656
Middle income (3.25%-10.0%)	117,252	—	2,116	115,136
Urban renewal (6.0%-10.0%)	8,695	200	495	8,400
Mental health construction (6.0%)	3,400	—	2,400	1,000
Outdoor recreation (3.0%-12.5%)	68,475	—	8,540	59,935
Parks and recreation land acquisition (5.0%-12.5%)	8,430	—	955	7,475
Pure waters (2.0%-12.5%)	524,235	16,800	28,870	512,165
Rail preservation (4.5%-12.5%)	194,685	—	9,805	184,880
Transportation capital facilities:				
Highways (2.0%-7.0%)	315,000	—	60,250	254,750
Mass transportation (2.0%-12.5%)	623,275	—	35,525	587,750
Aviation (3.0%-12.5%)	137,470	—	7,495	129,975
Energy conservation through improved transportation (6.0%-12.5%)	385,685	—	27,770	357,915
Rebuild New York—transportation renewal:				
Highways, parkways, bridges (5.1%-10.6%)	191,010	138,200	20,650	308,560
Ports, waterways (6.0%-10.6%)	34,300	—	2,380	31,920
Rapid transit, rail, aviation (6.0%-10.6%)	48,300	—	2,350	45,950
Total	**$ 3,754,662**	**$ 180,000**	**$ 281,495**	**$ 3,653,167**

Debt service expenditures related to general obligation bonds during the year were $524 million.

Debt service requirements for general obligation bonds in future years, which are financed by transfers from the General Fund, are as follows (amounts in thousands):

Year	Principal	Interest	Total
1989	$ 281,294	$ 234,976	$ 516,270
1990	273,989	215,971	489,960
1991	267,415	197,738	465,153
1992	251,201	180,538	431,739
1993	231,823	164,870	396,693
Thereafter	2,347,445	1,285,344	3,632,789
Total	**$ 3,653,167**	**$ 2,279,437**	**$ 5,932,604**

The total amount of general obligation bonds authorized but not issued at March 31, 1988 was $2.702 billion.

During fiscal year 1986-87 the State issued $405 million of general obligation refunding bonds with interest rates of 5.90% to 12.00%. The bonds were issued to effect a cross-over refunding through the redemption of an equal amount of certain maturities of existing general obligation bonds with interest rates of 8.00% to 12.00%. The proceeds of the refunding bonds have been placed in an escrow account to provide for the redemptions which will take place on six specific dates between 1990 and 1992. The State expects to reduce its debt service expenditures by approximately $73 million, having a present value discounted semiannually at a rate of interest equal to the yield of the bonds of approximately $32 million. Debt service expenditures related to general obligation refunding bonds during the year were $30 million.

Interest on the refunding bonds will be paid from the escrow account until the refunded bonds are redeemed. The escrow funds ($393 million) are reported as a reservation of fund balance within the Debt Service Funds. The refunding bonds are reported in the General Long-term Obligations Account Group as other long-term liabilities.

Note 9

OBLIGATIONS UNDER LEASE/ PURCHASE AND OTHER FINANCING ARRANGEMENTS

The State has entered into lease/purchase agreements with certain public benefit corporations, municipalities and other entities for various capital assets. Under these agreements construction costs are initially paid by the State from appropriations (reported as capital construction expenditures in the Capital Projects Funds). These appropriations are then repaid to the State from the proceeds of bonds issued by the public benefit corporations or other entities (reported as proceeds from financing arrangements in the Capital Projects Funds). The State becomes the tenant of the facility under a lease/purchase agreement which provides for the payment of rentals sufficient to cover the related bond debt service and for the passage of title to the State after the bonds have been repaid.

The State has also entered into contractual obligation financing arrangements (also referred to as "service contract bonds") with the Metropolitan Transportation Authority ($1.089 billion) and the Urban Development Corporation ($75 million). The terms of these arrangements require the State to fund the debt service requirements of the specific debt issued by these entities. The public benefit corporations retain title to the assets acquired with the bond proceeds.

During the year the State entered into various arrangements for the refinancing and purchase of equipment and real property through the issuance of certificates of participation. These certificates are issued through a trustee and the State is responsible for payments to the trustee that approximate the interest and principal payments made by the trustee to the certificate holders. The State maintains custody and use of the equipment and real property. However, title is held by the trustees as security for the certificate holders, until such time as the certificates are fully paid. Proceeds from the issuance of these certificates and the related capital construction expenditures are accounted for in essentially the same manner as lease/purchase agreements.

Changes for the year were as follows (amounts in thousands):

Purpose	Outstanding April 1, 1987	Additions	Payments	Outstanding March 31, 1988
Public Benefit Corporations (see Note 16):				
Housing Finance Agency	$ 2,635,275	$ 130,265	$ 631,725	$ 2,133,815
Dormitory Authority	1,305,345	219,174	28,960	1,495,559
Thruway Authority	155,035	—	13,840	141,195
Triborough Bridge and Tunnel Authority	431,740	—	6,015	425,725
Metropolitan Transportation Authority	933,115	162,795	7,305	1,088,605
Medical Care Facilities Finance Agency	—	543,265	—	543,265
Urban Development Corporation	568,567	208,531	5,713	771,385
Total PBCs	**6,029,077**	**1,264,030**	**693,558**	**6,599,549**
Other Entities:				
County of Albany	426,880	—	47,050	379,830
Other municipalities	24,985	—	3,000	21,985
Retirement systems	342	—	342	—
Total PBCs and other entities	**6,481,284**	**1,264,030**	**743,950**	**7,001,364**
Certificates of Participation	**453,310**	**179,240**	**30,847**	**601,703**
Total	**$ 6,934,594**	**$ 1,443,270**	**$ 774,797**	**$ 7,603,067**

Debt service expenditures for the aforementioned obligations during the year were $704 million. These expenditures were financed primarily by the revenues reported in the Debt Service Funds along with transfers of Medicaid monies from the Special Revenue Funds (see Note 10).

Certain of the underlying bond indentures require the maintenance of a rental reserve, usually amounting to one year of debt service. Such amounts ($248 million) are reported as cash of the appropriate Debt Service Fund with a corresponding reservation of fund balance.

Following is a summary of the future minimum rental payments for lease purchase and contractual obligations financing arrangements including interest at rates of 3.25% to 13.75% (amounts in thousands):

Fiscal Year	Principal	Interest	Total
1989	$ 183,367	$ 523,759	$ 707,126
1990	218,241	507,784	726,025
1991	223,717	496,198	719,915
1992	227,205	482,973	710,178
1993	233,004	471,622	704,626
Thereafter	5,915,830	5,553,167	11,468,997
Total	**$ 7,001,364**	**$ 8,035,503**	**$ 15,036,867**

Certain certificate of participation issues require the maintenance of a reserve. These amounts ($77 million) are reported as cash of the appropriate Debt Service Fund with a corresponding reservation of fund balance.

Debt service requirements for certificates of participation, which are financed by transfers from the General Fund, including interest at rates of 3.50% to 8.30%, are as follows (amounts in thousands):

Fiscal Year	Principal	Interest	Total
1989	$ 47,002	$ 38,506	$ 85,508
1990	55,596	35,845	91,441
1991	66,591	32,561	99,152
1992	58,883	28,434	87,317
1993	55,207	24,830	80,037
Thereafter	318,424	187,478	505,902
Total	**$ 601,703**	**$ 347,654**	**$ 949,357**

The State is also committed under numerous operating leases covering real property and equipment. Rental expenditures reported for the year ended March 31, 1988 under such operating leases totaled $218 million and were financed primarily from the General Fund. Following is a summary of the future minimum rental commitments under noncancellable real property and equipment leases with terms exceeding one year (amounts in thousands):

Fiscal Year	
1989	$ 101,437
1990	92,716
1991	85,200
1992	67,833
1993	52,216
Thereafter	121,040
Total	**$ 520,442**

Accounting Change

Prior to this year proceeds from advance refundings relating to lease/purchase agreements and the related payments to the escrow agent to defease the underlying bonds were not presented in Exhibit B. However, in accordance with Governmental Accounting Standards Board Statement 7—"Advance Refundings Resulting in Defeasance of Debt", proceeds from such advance refundings are now reported as "other financing sources—proceeds from financing arrangements/advance refundings" and payments to the escrow agent are reported as "other financing uses—payments on advance refundings." The effect of this change on prior years is indeterminable.

There were two refunding issues affecting lease/purchase agreements during the fiscal year ended March 31, 1988. One issue involved a $395 million refinancing between the Housing Finance Agency and the Medical Care Facilities Finance Agency. The cumulative difference between the cash flows required to service the new debt and complete the refunding amounted to $18 million and the economic gain resulting from this transaction was $10 million.

The second issue involved a $94 million issue affecting only the Housing Finance Agency. The cumulative difference between the cash flows required to service the new debt and complete the refunding amounted to $7 million and the economic gain of this transaction was $4 million.

In prior years, bonds underlying several lease/purchase agreements were the subject of advance refundings. The assets and liabilities relating to the refunded bonds are not reported in the accompanying general purpose financial statements. At March 31, 1988, approximately $1.791 billion of such bonds are outstanding.

Note 10

INTERFUND TRANSACTIONS

a. Operating Transfers

Operating transfers constitute the transfer of resources from the fund that receives the resources to the fund which utilizes them. The more significant transfers include the annual appropriation of General Fund revenues to Capital Projects Funds ($437 million) and to Debt Service Funds ($706 million), and the transfer of excess revenues of Debt Service Funds to the General Fund in support of certain higher education, mental health and retardation expenditures ($1,761 million) and in support of CUNY operations ($151 million). The latter transfers are made after first satisfying debt service and rental reserve requirements using revenues provided by tuition and patient fees. Operating transfers from Special Revenue Funds to Debt Service Funds represent the Federal share of Medicaid payments for recipients residing in State-operated mental health and retardation facilities ($775 million) and transfers from Special Revenue Funds to the General Fund represent recovery of certain costs incurred administering Federal programs ($93 million). Transfers of $300 million from the State Insurance Fund (SIF), included as a public benefit corporation (see Note 16), to the General Fund ($150 million) and the Capital Projects Funds ($150 million) represent the excess of reserves over actuarially determined liabilities. Since the SIF reports on a calendar fiscal year basis a total transfer to the State of $485 million was reported by the SIF at December 31, 1987. Of the $485 million transfer reported by the SIF, the State reported $325 million as an operating transfer at March 31, 1987 with the remaining $160 million representing part of the $300 million transfer reported by the State at March 31, 1988. The SIF will report the remaining $140 million balance of the $300 million transfer in its December 31, 1988 financial statements. The General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds made operating transfers of $282 million, $586 million, $25 million and $110 million, respectively, to subsidize the operations of and provide capital contributions to certain public benefit corporations. These amounts differ from operating transfers from other funds reported by Public Benefit Corporations because of the different fiscal years for certain public benefit corporations and the State and because certain operating transfers are reported as contributed capital by Public Benefit Corporations.

b. Due From/To Other Funds

Interfund receivables and payables generally reflect temporary loans, billings for services provided and recovery of fringe benefits. The Trust and Agency Funds include a $56 million interfund receivable representing the recovery of fringe benefit costs relating primarily to Federal funds (Special Revenue Funds) and various programs of the General Fund. The interfund payables in the Special Revenue Funds generally relate to the reimbursement of expenditures initially recorded in the General Fund.

Note 11

BUDGETARY BASIS REPORTING

The State Constitution requires the Governor to submit annually an Executive Budget which contains a complete plan for all funds of expenditures for the ensuing fiscal year and all monies and revenues estimated to be available. The Executive Budget is accompanied by bills containing all recommended appropriations or reappropriations and any proposed legislation necessary to provide monies and revenues sufficient to meet such proposed expenditures. Included in the proposed appropriation bills is a provision for spending authority for unanticipated revenues or unforeseen emergencies in accordance with statutory requirements. The Executive Budget includes a cash basis financial plan which must be in balance, i.e., disbursements must not exceed receipts. It also contains a five-year financial projection for governmental funds and a five-year capital plan. A GAAP basis financial plan for the ensuing fiscal year is presented for informational purposes.

The Legislature enacts appropriation bills and revenue measures embodying those parts of the Executive Budget it has approved or modified. The Legislature may also enact a supplemental appropriation bill and special appropriation bills. When the Legislature convenes in January it may enact a deficiency appropriation bill which authorizes additional unforeseen expenditures for the then current fiscal year.

An appropriation is a statutory authorization against which expenditures may be made during a specific fiscal year. An appropriation represents the maximum spending authority and is not a mandate to spend. There are expenditure controls within the State's central accounting system that ensure the maximum spending authority is not exceeded. Generally an appropriation lapses at the end of the fiscal year except for appropriations for which obligations have been incurred prior to fiscal year end, in which case such obligations are generally liquidated by the following September 15. The funds to be appropriated are determined in accordance with constitutional and statutory requirements. Many appropriations enacted are never intended to be used although required by law, such as the insurance and securities funds reserve guarantee appropriations of $1.022 billion (see Note 12). Most Capital Projects appropriations and many State operations appropriations are reappropriated each year by the Legislature and therefore the life of such appropriations may be many years.

The annual budget cycle normally begins during the summer prior to the commencement of the fiscal year with the State departments developing their budget requests for submission to the Division of the Budget in September. During the Fall, the departmental requests are analyzed by the Division of the Budget, formal budget hearings are held and major policy decisions are made by the Governor and his staff. The Executive Branch phase of the process culminates in the submission of the Executive Budget to the Legislature in late January. The Legislative fiscal committees review the Executive Budget, the Legislature holds public hearings and the appropriation bills are expected to be enacted by April 1.

Once the appropriation and revenue bills become law, the cash basis and the GAAP basis financial plans are revised by the Governor to reflect the impact resulting from changes in appropriations and revenue bills. The cash basis financial plan serves as the basis for the administration of the State's finances during the fiscal year. Furthermore, the State Comptroller and Director of the Budget must certify that the cash basis financial plan is in balance to permit the annual issuance of the tax and revenue anticipation notes (see Note 7). Accordingly, the cash basis financial plan is generally considered to be the State's "Budget" and the appropriate plan to present in Exhibit C. The financial plans are updated quarterly by the Governor or more frequently if necessary. The Governor is required to provide a quarterly report to the Legislature showing a comparison of the actual year-to-date results with the latest revised plans providing an explanation of any major deviations and any significant changes to the financial plans.

The following represents a comparison of the State's cash basis financial plan as originally published by the Governor in April 1987 with subsequent modifications by the Governor to reflect changes during the fiscal year (amounts in millions).

	April 1987	Modifications	January 1988
GENERAL			
Receipts:			
Taxes	$ 24,945	$ 1,046	$ 25,991
Miscellaneous	1,287	(149)	1,138
Federal grants	74	1	75
Total receipts	26,306	898	27,204
Disbursements:			
Grants to local governments	16,824	22	16,846
Departmental operations	6,582	57	6,639
General state charges	1,720	105	1,825
Debt service	136	—	136
Total disbursements	25,262	184	25,446
Other financing sources (uses):			
Transfers from other funds	145	11	156
Transfers to other funds	(1,173)	(725)	(1,898)
Net other financing sources (uses)	(1,028)	(714)	(1,742)
Receipts and other financing sources over (under) disbursements and other financing uses	$ 16	$ —	$ 16
SPECIAL REVENUE			
Receipts:			
Taxes	$ 707	$ 9	$ 716
Miscellaneous	2,087	(41)	2,046
Federal grants	9,083	62	9,145
Total receipts	11,877	30	11,907
Disbursements:			
Grants to local governments	9,397	(197)	9,200
Departmental operations	3,077	(41)	3,036
General state charges	195	(5)	190
Capital projects	24	(6)	18
Total disbursements	12,693	(249)	12,444
Other financing sources (uses):			
Transfers from other funds	1,995	699	2,694
Transfers to other funds	(1,060)	16	(1,044)
Net other financing sources (uses)	935	715	1,650
Receipts and other financing sources over (under) disbursements and other financing uses	$ 119	$ 994	$ 1,113

	April 1987	Modifications	January 1988
DEBT SERVICE			
Receipts:			
Taxes	$ 30	$ —	$ 30
Miscellaneous	1,273	30	1,303
Federal grants	12	—	12
Total receipts	1,315	30	1,345
Disbursements:			
Debt service	1,031	(14)	1,017
Other financing sources (uses):			
Transfers from other funds	1,557	(59)	1,498
Transfers to other funds	(1,845)	6	(1,839)
Net other financing sources (uses)	(288)	(53)	(341)
Receipts and other financing sources over (under) disbursements and other financing uses	$ (4)	$ (9)	$ (13)
CAPITAL PROJECTS			
Receipts:			
Miscellaneous	$ 538	$ (32)	$ 506
Federal grants	706	(56)	650
Total receipts	1,244	(88)	1,156
Disbursements:			
Departmental operations	5	—	5
Capital projects	2,128	(233)	1,895
Total disbursements	2,133	(233)	1,900
Other financing sources (uses):			
Bond proceeds, net	378	(128)	250
Transfers from other funds	399	27	426
Transfers to other funds	(23)	—	(23)
Net other financing sources (uses)	754	(101)	653
Receipts and other financing sources over (under) disbursements and other financing uses	$ (135)	$ 44	$ (91)

The modifications indicated above generally reflect revisions to projections based on actual receipts and disbursements for interim periods. The primary revision for the year related to certain General Fund personal income tax receipts, estimated at $670 million, which were to be transferred to the Infrastructure Trust Fund Account (a Special Revenue Fund).

Exhibit C provides a comparison of the estimated data in the January 1988 Financial Plan with the actual results on the cash basis of accounting, whereas Exhibit B presents operating results in conformity with GAAP. The following presents a reconciliation of the budgetary cash basis operating results per Exhibit C with the GAAP based operating results per Exhibit B (amounts in thousands):

	General	Special Revenue	Debt Service	Capital Projects
Receipts and other financing sources over (under) disbursements and other financing uses per Exhibit C	$ (116,300)	$ 1,115,400	$ 28,100	$ (32,600)
Entity differences				
Receipts and other financing sources over disbursements and other financing uses for funds and accounts not included in the cash basis financial plan	(306,944)	8,845	(87,830)	34,718
Perspective difference				
Receipts and other financing sources over disbursements and other financing uses of the Earmarked Revenue Account and the Infrastructure Trust Fund Account which are treated as Special Revenue Funds in the financial plan and part of the General Fund for GAAP reporting	984,395	(984,395)	—	—
Basis of accounting differences				
Net decrease in taxes receivable	(377,988)	(3,513)	—	—
Net increase (decrease) in due from Federal government	—	(38,922)	—	10,887
Net increase (decrease) in other revenue and asset accruals	(290,089)	79,676	(22,851)	26,294
Net decrease in tax refunds payable	293,523	3,074	—	—
Net increase in payable to local governments	(383,887)	(143,291)	—	—
Net decrease (increase) in other payables and accrued liabilities	56,139	80,879	2,173	(115,455)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses per Exhibit B	**$ (141,151)**	**$ 117,753**	**$ (80,408)**	**$ (76,156)**

The entity differences relate to the presentation of City University of New York (CUNY) senior colleges and related entities, the inclusion of certain funds considered to be proprietary funds for purposes of the cash basis financial plan, and the inclusion of certain sole custody bank accounts, which are not included in the cash basis financial plan. Additionally, the cash basis financial plan presents the State's subsidy of CUNY as grants to local governments ($543 million) whereas this amount is presented as operation of State departments and agencies on Exhibit B.

The perspective difference relates to the Infrastructure Trust Fund Account which received a $646 million operating transfer from the State Purposes Account (which is part of the General Fund for both GAAP and cash basis financial plan purposes) and the Earmarked Revenue Account which is presented below on a cash basis (amounts in thousands):

RECEIPTS:	
Federal grants	$ 3,162
Miscellaneous	1,122,156
	1,125,318
DISBURSEMENTS:	
Grants to local governments	490,237
Departmental operations	2,154,775
General state charges	65,778
	2,710,790
OTHER FINANCING SOURCES (USES):	
Transfers from other funds	1,964,383
Transfers to other funds	(40,689)
	1,923,694
Receipts and other financing sources over disbursements and other financing uses	**$ 338,222**

Note 12

COMMITMENTS AND CONTINGENCIES

The State receives significant financial assistance from the Federal government in the form of grants and entitlements, including several non-cash programs (which are not included in the accompanying general purpose financial statements). Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit Act or to financial and compliance audits by grantor agencies of the Federal government or their designees. Disallowances by Federal program officials as a result of these audits may become liabilities of the State. The State has recorded liabilities of approximately $73 million based on an evaluation of pending disallowances at March 31, 1988. The portion of the liability expected to be paid in the next 12 months, $37 million, is reported in the General Fund and the remainder is reported in the General Long-term Obligations Account Group.

On March 1, 1987 the New York State Medical Care Facilities Finance Agency (MCFFA) issued $300 million of Secured Hospital Revenue Bonds, 1987 Series A, for the purpose of financing mortgage loans to various hospitals in New York City. The hospitals are committed to pay the debt service and MCFFA has established reserves to cover deficiencies incurred by the hospitals. However, if both of these funding sources are inadequate, the State may be called upon to pay the debt service. Any such payments would require authorization by the State Legislature.

Generally the State does not insure its buildings, contents or related risks and does not insure its State-owned automobiles for bodily injury and property damages, but the State does have fidelity insurance on State employees and malpractice insurance on State University teaching hospitals. Routine uninsured losses are recorded as expenditures in the General Fund as paid, while significant uninsured losses usually are the result of litigation which is discussed further in Note 14.

Workers' compensation coverage is provided on a self-insurance basis with the State Insurance Fund acting as the State's administrator and claims processing agent. Under an agreement with the State Insurance Fund the State pays only what is necessary to fund claims. Based on actuarial calculations as of the most recent valuation, July 1987, the State is currently liable for unfunded claims totaling approximately $194 million. The portion expected to be paid in the next 12 months, $62 million, is reported as a liability of the General Fund. The remaining amount, $132 million, is reported in the General Long-term Obligations Account Group.

In 1977-78, the State required that reserve funds held by insurance companies which underwrite the State employee health insurance programs be paid to the General Fund. The State is liable to replenish these reserve funds if needed to pay insured benefits or if the contracts with the insurance companies are terminated. Accordingly, based on actuarial calculations, the State has recorded a liability of $185 million which is reported in the General Long-term Obligations Account Group.

The State Abandoned Property Law requires the deposit of certain defined and unclaimed assets into a State-managed Abandoned Property Fund (Agency Fund). The statute provides that whenever the Abandoned Property Fund exceeds $750 thousand, the excess must be remitted to the General Fund where it is reported as miscellaneous revenues. The amounts remitted during the year approximated $166 million. Net collections from inception (1942) to March 31, 1988 of approximately $1.6 billion represent a contingent liability to the State since claims for refund may be filed by the owners of such property.

Since fiscal year 1982-83, amounts have been transferred to the General Fund and the Capital Projects Fund from the State Insurance Fund and from several non-governmental funds. The legislation authorizing the transfers requires the Legislature to enact annual appropriations from the General Fund to cover the State's contingent liability to repay these transfers. Payments from these appropriations will be made only if the affected funds have no other monies available to meet their statutory obligations. To date, no payments from these appropriations have been required, nor are any expected to be required in the future. The current appropriation is $1.022 billion.

The New York State Higher Education Services Corporation, a public benefit corporation, was the guarantor of approximately $4.7 billion of outstanding loans made to students by participating lending institutions at March 31, 1988. In the event of default, the United States Department of Education would guarantee 98% of the loans, with the remaining 2% ($94 million) guaranteed by the State.

During fiscal year 1987-88 the State incurred a $93 million liability to the Empire Health Insurance Plan for unreimbursed losses incurred by the carrier during 1986 and 1987. An agreement has been reached which requires the State to pay $25 million during fiscal year 1988-89 (which is reported as a liability of the Governmental Funds) with the remaining $68 million (which is reported in the General Long-term Obligations Account Group) to be paid over a three year period beginning in fiscal year 1989-90.

Note 13

GUARANTEED AND MORAL OBLIGATION DEBT

The New York State Constitution provides that the State may guarantee repayment of certain borrowings of the New York State Thruway Authority, the Job Development Authority and the Port Authority of New York and New Jersey to carry out designated projects. The State has never been called upon to make any direct payments pursuant to such guarantees. Except as now authorized, no further State guaranteed debt may be incurred without voter approval. As of March 31, 1988 such State-guaranteed bonds and State-guaranteed bond anticipation notes outstanding (with an additional $305 million authorized but not issued) were as follows (amounts in thousands):

Issuer	Bonds	Notes	Total
Port Authority	$ 88,785	$ —	$ 88,785
Thruway Authority	178,750	—	178,750
Job Development Authority	270,035	35,900	305,935
Total	**$ 537,570**	**$ 35,900**	**$ 573,470**

In order to provide additional inducement to investors to purchase the obligations of certain public benefit corporations, the legislation creating these corporations authorizes the State to make up any deficiencies in their debt service reserve funds, subject to legislative appropriation (effectively, a "moral obligation" to back the corporations' credit). Since such "moral obligations" do not constitute full faith and credit obligations of the State, voter approval of such obligations was not obtained.

The State has enacted "capping legislation" which restricts the amount of moral obligation bonds each corporation (other than the Municipal Assistance Corporation) may issue. The cap is set at the amounts of bonds and notes outstanding as of April 1, 1976 plus, within specific dollar limitations, additional bonds and notes required to finance projects then in progress. As moral obligation bonds within the cap are repaid (other than by refunding) the maximum cap is reduced accordingly. Public benefit corporations with no bonds or notes outstanding when this legislation became effective are prohibited from issuing moral obligation debt. This legislation also imposed maximum limitations on lease-purchase financing for certain authorities. As of March 31, 1988 approximately $12 billion in moral obligation bonds were outstanding as follows (amounts in thousands):

Issuer	
Battery Park City Authority	$ 182,250
Dormitory Authority of the State of New York	355,330
New York State Energy Research and Development Authority	5,435
New York State Environmental Facilities Corporation	1,589
New York State Housing Finance Agency	2,378,866
New York State Job Development Authority	1,000
New York State Medical Care Facilities Finance Agency	210,125
New York State Project Finance Agency	207,415
United Nations Development Corporation	32,655
Urban Development Corporation	782,535
Municipal Assistance Corporation for the City of New York	7,819,288
Total	**$ 11,976,488**

While the State Legislature is not required to restore any deficiency in a debt service reserve fund, as of March 31, 1988, it had made appropriations pursuant to its "moral obligation" to make up such deficiencies under obligations issued by certain public benefit corporations, notably the Housing Finance Agency, Urban Development Corporation and Battery Park City Authority.

Note 14

LITIGATION

The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings and other alleged violations of State and Federal laws.

Included in the State's outstanding litigation are a number of cases challenging the constitutionality or the adequacy and effectiveness of a variety of significant social welfare programs primarily involving the State's mental hygiene programs. Adverse judgments in these matters generally would result in injunctive relief coupled with prospective changes in patient care which would require substantial increased financing of the litigated programs in the future. Because of the prospective nature of these matters, no provision for this potential exposure has been made in the accompanying general purpose financial statements.

The State is also engaged in a variety of contract and tort claims wherein significant monetary damages are sought. Actions commenced by several Indian nations claim that significant amounts of land were unconstitutionally taken from the Indians in violation of various treaties and agreements during the eighteenth and nineteenth centuries. The claimants seek recovery of approximately six million acres of land as well as compensatory and punitive damages.

The State of Delaware has filed a motion in the Supreme Court of the United States requesting a ruling upon Delaware's claim that certain abandoned property held by New York based corporations incorporated in Delaware has been wrongfully taken by the State.

In April 1987, a bridge on the New York State Thruway collapsed causing death, property damage and possible loss of business. The State is anticipating numerous legal claims will be filed as a result of this event.

With respect to pending and threatened litigation, the State has reported liabilities of $217 million for awarded and anticipated unfavorable judgments. The portion of the liability expected to be paid within the next 12 months, $103 million, is reported in the General Fund and the remainder is reported in the General Long-term Obligations Account Group.

Note 15

STATE ADMINISTERED RETIREMENT SYSTEMS

There are two major State administered retirement systems for employees of the State and its localities (except employees of New York City, essentially all of whom are covered by separate City-sponsored and administered pension plans) which are managed by the State Comptroller as sole trustee. The two systems, known collectively as the New York State and Local Employees Retirement System, are the New York State Employees' Retirement System (ERS) and the New York State Policemen's and Firemen's Retirement System (PFRS) (Systems). The Systems, which are administrators of cost sharing multiple-employer public employee retirement systems, are considered a component unit of the State and, accordingly, are included in the State's reporting entity. On March 31, 1988 there were approximately 2600 participating government employers. Employees of the State constituted about 43% of the members of the Systems during the 1987-88 fiscal year.

The Systems provide retirement benefits as well as death and disability benefits. All benefits vest after 10 years of credited service. Retirement benefits that employees are entitled to are established by State law and are dependent upon the point in time at which the employee last joined the retirement system. These retirement plans have both contributory and noncontributory requirements depending upon the point in time at which an employee last joined the retirement system. Most members of ERS who joined the retirement system on or before July 26, 1976 are enrolled in a noncontributory plan and may retire at age 55. Most members of PFRS are not required to make employee contributions. Employees who last joined ERS subsequent to July 26, 1976 are enrolled in a contributory plan which requires a 3% contribution of their salary and may retire at age 62. A public employee who joined the Systems during the period of July 27, 1976 to August 31, 1983 and leaves covered employment before 10 years of credited service may obtain a refund, including interest, of the accumulated employee contributions. Public employees who joined ERS subsequent to August 31, 1983 may not withdraw accumulated employee contributions with interest until they become age 62.

Members, benefits, and employer and employee obligations to contribute are described in the New York State Retirement and Social Security Law. The number of members and benefit recipients as of March 31, 1988 were:

	ERS	PFRS	Total
Retirees and beneficiaries currently receiving benefits and no longer working members entitled to benefits but not yet receiving them	233,164	17,620	250,784
Nonvested inactive members	59,416	2,025	61,441
Current working members:			
Vested	221,307	18,788	240,095
Nonvested	264,316	12,607	276,923

Pension Benefit Obligation

The "pension benefit obligation" shown below is the actuarial present value of credited projected benefits. It is the standardized disclosure measure prepared in accordance with Governmental Accounting Standards Board Statement No. 5, namely the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The pension benefit obligation is independent of the actuarial funding method used to determine contributions to the Systems. The sole measure of the funding status is whether the employers have paid the actuarially determined contributions under the aggregate funding method employed by the Systems.

The pension benefit obligation was determined as part of an actuarial valuation as of March 31, 1988.

The Actuary employed by the Systems calculates credited projected benefits which include the following:

1. Future monthly payments to pensioners who are receiving benefit payments on the valuation date and to beneficiaries, including any optional survivors' benefits.
2. The portion of potential future monthly retirement and disability benefits payable to active members attributable to their service credit as of the valuation date and salary as projected to the benefit payment date plus the pro rata portion of certain death benefits.
3. The potential future monthly service retirement benefits payable to inactive members based on their service credit and salary earned up to the valuation date.

The actuarial present value of credited projected benefits is the amount determined by the Systems' Actuary by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest between the valuation date and the expected dates of payment) and the probability of benefit payments (by means of multiple-decrement probability tables for death, disability retirement and withdrawal).

Significant actuarial assumptions used in the fiscal years 1988 and 1987 valuations include:

Interest Rate	8.0%
Salary scale	
Inflation	5.0%
Productivity and merit (approximate)	2.3
Total salary scale	7.3%
Social Security Benefits	
Increase in wage base	6.0%
Increase in CPI	5.0
Multiple-decrement tables	
Death	4/1/81-3/31/86
Disability	Systems
Retirement	experience
Withdrawal	

As of March 31, 1988, the assets in excess of pension benefit obligation were $4.039 billion as follows (amounts in millions):

	ERS	PFRS	Total
Pension benefit obligation:			
Retirees and beneficiaries currently receiving benefits and inactive members entitled to benefits but not yet receiving benefits	$ 10,053	$ 2,266	$ 12,319
Non-vested inactive members	39	1	40
Current employees:			
Accumulated employee contributions including allocated investment income	970	12	982
Employer-financed vested	16,448	3,105	19,553
Employer-financed nonvested	1,284	291	1,575
Total pension benefit obligation	**28,794**	**5,675**	**34,469**
Net assets available for benefits	**32,663**	**5,845**	**38,508**
Assets in excess of pension benefit obligation	**$ 3,869**	**$ 170**	**$ 4,039**

There were no changes in actuarial assumptions that affected the pension benefit obligation for the year ended March 31, 1988. Changes in benefit provisions increased the pension benefit obligation by $319 million and $51 million for ERS and PFRS, respectively, for the year ended March 31, 1988.

Funding Status

The actuarial cost method used by the System to determine the annual contributions from employers is the aggregate cost method. Under this method, the actuarial value of assets and the actuarial present value of projected benefits (actuarial liabilities) are determined by the Actuary. The excess of the actuarial liabilities over the actuarial assets is funded by employers as a level percentage of salary over the current members' future working lifetimes. The aggregate cost method does not develop a separately stated past service liability.

The actuarial present value of projected benefits in this method is greater than the pension benefit obligation amount because the aggregate cost method uses a projection of members' total service rather than the service credited to date. Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation.

The actuarial value of assets used in this method differs from the net assets available for benefits as shown in the financial statements due to actuarial assets being calculated using a five-year smoothing of common stock values.

Each participating employer is required by law to contribute, on an annual basis, amounts necessary to finance coverage of its own employees. Benefit and contribution provisions are established by State law and may be amended only by the New York State Legislature. All participating employers which have adopted the same benefits contribute at the same rate of payroll. Employers commencing participation in the Systems are required to make deficiency contributions for up to 25 years. Employer contributions for the year ended March 31, 1988 are expected to be paid on or before June 30, 1989, except for the State's contribution which was paid on an estimated basis on March 1, 1988. The State's contributions for the years ended March 31, 1986 and 1985 will be amortized over the next 15 years (See "Employer Accounting" section).

The State's contribution to the Systems, established in accordance with actuarially determined requirements, for the year ended March 31, 1988 was $583 million which represented 10.0% of the current covered payroll. This contribution consisted of State and employee payments of $498 million and $85 million, respectively, and represented 8.5% and 1.5%, respectively, of the current covered payroll. The State's contribution to the Systems represented 39.6% of the total current-year actuarially determined contribution requirement for all employers. The payroll for State employees covered by the Systems for the year ended March 31, 1988 was $5.823 billion; and the State's total payroll was $7.289 billion.

Employer contributions billed to the State (excluding amortization) and other participating employers during the fiscal year ended March 31, 1988 totaled $1.258 billion. Employer contributions received during this same period totaled $1.183 billion and represent 10.7% of the total covered payroll.

Significant factors which affected employer contributions for the fiscal year ended March 31, 1988 were (amounts in millions):

	Increase in Estimated Employer Contributions		
	ERS	PFRS	Total
Salary base growth	$ 109	$ 15	$ 124
Salary rate growth	52	4	56
Benefit provisions	26	3	29

Net Plan Assets

The Systems' net assets of $38.508 billion include investments of $35.813 billion and receivables of $3.107 billion, comprised of $2.619 billion of accrued employer contributions receivable and the remaining receivable generally comprised of accrued interest and dividends on investments. Employer contributions receivable are for the 1986-87 and 1987-88 fiscal years except for the State's contribution receivable which relates to the unamortized balance for the 1984-85 ($697 million) and 1985-86 ($501 million) fiscal years and the State's contribution receivable ($69 million) for the 1987-88 fiscal year.

Investments, except for common stocks, are reported in the statements at original cost or amortized cost net of an allowance for potential losses of $41 million. Common stocks are valued at quoted market prices. Substantially all cash is invested daily in short-term investments (cash equivalents). Such securities are stated at cost, which approximates market value at March 31, 1988.

The following table shows the market value and carrying amount of investments as of March 31, 1988 by the type of investment. All investments are insured or registered, or held by New York State or its agent in the name of the State Comptroller, as trustee. If available, quoted market prices have been used to determine market value. The amounts shown below for securities that have no quoted market price represent estimated fair value. Many factors are considered in arriving at the fair value. In general, corporate debt securities have been valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments (amounts in millions):

	Carrying Amount	Market Value
Short-term investments	$ 1,578	$ 1,578
Government debt securities	10,362	10,676
Corporate securities	4,238	4,044
Common stocks	16,334	16,334
Mortgages	2,648	2,822
Real property owned	216	263
Other	437	428
Total	**$ 35,813**	**$ 36,145**

Funds are authorized to be deposited in checking accounts or interest bearing accounts including certificates of deposit. Bank deposits are fully insured or collateralized with securities held by New York State or its agent in the name of the State Comptroller. Collateralization is reviewed by the Office of the State Comptroller on an ongoing basis. Bank deposits may be under the joint custody of the State Comptroller and the Commissioner of Taxation and Finance or under the sole custody of the State Comptroller.

Investments are authorized by State statute and generally include: Obligations of or guaranteed by the United States; obligations of New York State, selected New York State Agencies, and New York State political subdivisions; repurchase agreements; commercial paper; mortgages; real property; equities and corporate fixed income securities.

Three and ten year historical trend information designed to provide information about the retirement systems' progress made in accumulating sufficient assets to pay benefits when due is presented in the Systems' annual financial reports.

Employer Accounting

The State's annual pension contribution relating to employee services rendered during the fiscal year ending March 31, 1988 and the amortization payments relating to the 1984-85 and 1985-86 pension liabilities were made on March 1, 1988. The pension contribution expenditure reported in the Governmental Funds, which totaled $690 million, consists of $567 million relating to employee services rendered during the fiscal year ended March 31, 1988, $24 million to amortize the pension contribution relating to employee services rendered during the 1984-85 fiscal year and interest of $99 million related to the amortization of the 1984-85 and 1985-86 pension liabilities.

The principal component of the amortization payment of $140 million made on March 1, 1988 reduced the 1985-86 liability (reported in the General Fund) by $17 million and reduced the 1984-85 liability (reported in the General Long-term Obligations Account Group) by $24 million. Pension contributions payable of $501 million reported in the General Fund and $697 million reported in the General Long-term Obligations Account Group will be amortized annually over the next 15 years.

The State appropriated and paid $498 million on March 1, 1988 which related to employee services rendered during 1987-88. The pension contribution was subsequently determined by actuarial calculations to be $567 million. The State therefore underpaid the pension contribution by $69 million which is reported as pension contributions payable within the General Fund. State statute requires the underpayment to be paid with the March 1, 1990 contribution.

Other Retirement Systems

The New York State Teachers' Retirement System (TRS) provides benefits to certain employees of the State University of New York and the State Education Department. The New York City Employees' Retirement System (NYCERS) and the Teachers' Retirement System of the City of New York (NYCTRS) provide benefits to employees of City University of New York (CUNY) Senior Colleges. These systems, which were established by State and/or local law to provide pension benefits for State and local employees, are administrators of cost sharing multiple-employer retirement systems.

TRS, NYCERS and NYCTRS provide retirement benefits as well as death and disability benefits. All benefits generally vest after 10 years of credited service except that up to 15 years of credited service may be required for NYCTRS. Benefit and contribution provisions which are contingent upon the point in time at which the employee last entered qualifying service, are established by State law and may be amended only by the New York State Legislature. Retirement age varies from 55 to 70 depending upon when the employee last entered qualifying service. These retirement plans have both contributory and noncontributory requirements depending upon the point in time in which an employee last entered qualifying service. Employees last entering qualifying service on or before July 26, 1976 for TRS or June 30, 1976 for NYCERS and NYCTRS are enrolled in a noncontributory plan. Employees last entering qualifying service subsequent to the dates listed above for the respective retirement systems are enrolled in a contributory plan which requires a 3% contribution of their salary. Each participating employer is required by law to contribute amounts necessary to finance coverage of its own employees.

NYCERS and NYCTRS had investments of $189 million and $114 million, respectively, in indebtness of New York City.

The "pension benefit obligation" shown below is the standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the retirement systems' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among retirement systems. The measure is independent of the actuarial funding method used to determine contributions to the retirement systems. In addition the funding status of each of the retirement systems is also presented in the table below.

The pension benefit obligation for TRS, NYCERS and NYCTRS was determined as part of an actuarial valuation as of June 30, 1987. The actuarial calculations at June 30, 1987 were based on a rate of return on investments of 7.25% and 8.00%, respectively, for TRS and NYCERS-TRS. TRS and NYCERS-TRS established the salary scale at 6.75% and 6.50%, respectively, with mortality, turnover, retirement and disability rates based on experience.

The table shown below displays the pension benefit obligation for the respective retirement systems as of June 30, 1987 (amounts in millions):

	Retirement Systems		
	TRS	NYCERS	NYCTRS
Pension benefit obligation:			
Retirees and beneficiaries and terminated employees	$ 6,140	$ 7,147	$ 4,473
Current employees:			
Accumulated employee contributions	472	1,020	1,347
Employer-financed vested	12,878	5,023	6,509
Employer-financed nonvested	652	3,770	773
Total pension benefit obligation	**20,142**	**16,960**	**13,102**
Net assets available for benefits	**19,089**	**12,764**	**11,314**
Pension benefit obligation in excess of net assets available for benefits	**$ (1,053)**	**$ (4,196)**	**$ (1,788)**

A level percentage of payroll employer contribution rates are determined by TRS using the aggregate actuarial funding method. TRS used the frozen initial liability method to amortize unfunded liabilities incurred as a result of significant benefit improvements over a 25 year period beginning July 1, 1970. Employer contributions are made on an annual basis.

The frozen entry age actuarial cost method of funding with 35-year amortization of a revised unfunded frozen initial accrued liability (reduced by unfunded accrued liability adjustments amortized over 30 years) is utilized by the NYCERS/NYCTRS actuary to calculate the contribution from the employer. Contributions are accrued by NYCERS and NYCTRS and are funded by the employer on a current basis.

The following table presents current-year payroll—covered and total for all employees, employer and employee contributions as well as the percentage of covered payroll each contribution represents. The State's contribution is reported as other fringe benefits in the general purpose financial statements. The contributions reported below were established in accordance with actuarially determined contribution requirements (amounts in thousands):

	Retirement Systems		
	TRS	NYCERS	NYCTRS
Current-Year Payroll:			
Covered	$ 90,296	$ 65,397	$ 105,250
Total	7,289,000	7,289,000	7,289,000

Contribution Requirement:			
Determined			
—Employer	18,579	15,300	26,006
—Employees	610	1,501	2,052
Percentage of Current Year Covered Payroll			
—Employer	20.6%	23.4%	24.7%
—Employees	0.7%	2.3%	1.9%
Contribution Payments:			
—Employer	18,579	15,300	26,006
—Employees	610	1,501	2,052
Percentage of Current Year Covered Payroll			
—Employer	20.6%	23.4%	24.7%
—Employees	0.7%	2.3%	1.9%

The Teachers' Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF) is a privately operated defined contribution retirement plan which provides benefits to certain employees of the State University of New York (SUNY) and the CUNY Senior Colleges. The State assumes no liability for TIAA-CREF members other than payment of contributions.

TIAA-CREF provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility as well as contributory and noncontributory requirements are established by State law. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service if the employee is retained thereafter. Individually owned annuity contracts, that provide for full ownership of retirement and survivor benefits, are purchased at the time of vesting. Participants contribute 1½% of salary on an after-tax basis if they are CUNY senior college employees and 3% of salary if they are SUNY employees. Employer contributions range from 9% to 15% depending upon the university system (CUNY or SUNY) and when the employee was hired.

The State's total payroll for the fiscal year ended March 31, 1988 was $7.289 billion. TIAA-CREF received employer and employee contributions of approximately $96 million and $13 million, respectively, which were based on participating employee salaries of $744 million. Employer and employee contributions represented 12.9% and 1.7%, respectively, of total covered payroll. The State's contribution is reported as other fringe benefits in the general purpose financial statements.

Historical trend information designed to provide information about the retirement systems' progress made in accumulating sufficient assets to pay benefits when due is presented in the annual financial reports prepared by TRS, NYCERS, NYCTRS and TIAA-CREF.

Note 16

PUBLIC BENEFIT CORPORATIONS

Public benefit corporations (corporations) (as defined in Note 1) are legally separate entities that are not operating departments of the State. The corporations are managed independently outside the appropriated budget process and their powers generally are vested in a governing board. Corporations are established for a variety of purposes for the benefit of the State's citizenry such as economic development, financing and public transportation. They are not subject to State constitutional restrictions on the incurrence of debt, which apply to the State itself, and may issue bonds and notes within legislatively authorized amounts.

The Governor, with the approval of the State Senate, appoints most members of the Board of most corporations and either the Governor or the board selects the Chairman and chief operating officer. Corporations generally submit annual reports to the Governor, the Legislature and the State Comptroller on their operations and finances accompanied by an independent auditor's report thereon. Corporations also submit to the Governor and the Legislature annual budget information on operations and capital construction. The State Comptroller is empowered to conduct financial examinations and management audits of the corporations.

Corporations are generally supported by revenues derived from their activities, although in recent years the State has provided special financial assistance, in some cases of a recurring nature, to certain corporations for operating and other expenses and in fulfillment of its commitments on moral obligation indebtedness. Financial assistance in the form of appropriated loans, contributed capital or operating subsidies for certain corporations, principally the Urban Development Corporation, the Metropolitan Transportation Authority, and the Housing Finance Agency was provided in the fiscal year ended March 31, 1988 and such assistance is expected to be required in future years. Accordingly, the fiscal condition of the State is related to the fiscal stability of public benefit corporations.

The amounts presented in the accompanying general purpose financial statements for public benefit corporations include the following entities for the fiscal years indicated.

Entity	Year End
Agriculture and New York State Horse Breeding Development Fund Corporation	December 31, 1987
Battery Park City Authority	October 31, 1987
Capital District Transportation Authority	March 31, 1988
Central New York Regional Transportation Authority	March 31, 1988
Dormitory Authority of the State of New York	March 31, 1988
Harlem Urban Development Corporation	March 31, 1988
Health Research, Inc.	March 31, 1988
Housing Trust Fund Corporation	March 31, 1988
Hudson River—Black River Regulating District	June 30, 1987
Industrial Exhibit Authority	March 31, 1988
Jacob K. Javits Convention Center of New York Development Corporation	October 31, 1987
Long Island Power Authority	March 31, 1988
Metropolitan Transportation Authority	December 31, 1987
New York City Transit Authority	December 31, 1987
Manhattan and Bronx Surface Transit Operating Authority	December 31, 1987
Staten Island Rapid Transit Operating Authority	December 31, 1987
Metropolitan Suburban Bus Authority	December 31, 1987
The Long Island Rail Road Company	December 31, 1987
Triborough Bridge and Tunnel Authority	December 31, 1987
Metro-North Commuter Rail Road Company	December 31, 1987
Narcotic and Drug Research, Inc.	March 31, 1988
Natural Heritage Trust	September 30, 1987
Nelson A. Rockefeller Empire State Plaza Performing Arts Center Operating Corporation	March 31, 1988
New York City Convention Center Operating Corporation	March 31, 1988
New York State Affordable Housing Corporation	March 31, 1988
New York State Bridge Authority	December 31, 1987
New York State Energy Research and Development Authority	March 31, 1988
New York State Environmental Facilities Corporation	March 31, 1988
New York State Higher Education Services Corporation	March 31, 1988
New York State Housing Finance Agency	October 31, 1987
New York State Job Development Authority	March 31, 1988
New York State Medical Care Facilities Finance Agency	October 31, 1987
New York State Olympic Regional Development Authority	March 31, 1988
New York State Project Finance Agency	October 31, 1987
New York State Science and Technology Foundation	March 31, 1988
New York State Thoroughbred Breeding and Development Fund Corporation	December 31, 1987
New York State Thoroughbred Racing Capital Investment Fund	December 31, 1987
New York State Thruway Authority	December 31, 1987
New York State Wine/Grape Foundation	March 31, 1988
Niagara Frontier Transportation Authority	March 31, 1988
Ogdensburg Bridge and Port Authority	March 31, 1988
Port of Oswego Authority	March 31, 1987

Entity	Year End
Power Authority of the State of New York	December 31, 1987
Research Foundation for Mental Hygiene	March 31, 1988
Research Foundation of SUNY	June 30, 1987
Research Foundation of CUNY	June 30, 1987
Rochester-Genesee Regional Transportation Authority	March 31, 1988
Roosevelt Island Operating Corporation	March 31, 1988
State Insurance Fund	December 31, 1987
State of New York Mortgage Agency	March 31, 1988
Urban Development Corporation	March 31, 1988
Youth Support, Inc.	March 31, 1988

FINANCIAL INFORMATION

Substantially all of the financial data was derived from audited annual financial statements and summarized into the accompanying format. Certain amounts have been reclassified to conform to the 1988 presentation and retained earnings at beginning of year has been restated to reflect the restatement reported by the Dormitory Authority of the State of New York. This restatement is not material to Public Benefit Corporations in total. Public Benefit Corporations follow the accrual basis of accounting as required for the proprietary fund type. A few of the individual component units, principally the New York State Thruway Authority and the State Insurance Fund, do not fully conform to the accrual basis as applied to the proprietary fund type, however, the impact of these variances is not material to Public Benefit Corporations in total. Nine of the forty-five entities presented comprise 94% of the combined assets and 95% of the combined operating revenues (before eliminations). The remaining portion of this note contains the accounts of the nine largest entities (segment information) along with an explanation of significant and/or unusual accounting and reporting matters (amounts in thousands).

	Power Authority	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority	Housing Finance Agency
ASSETS:					
Cash and investments	$ 2,294,515	$ 221,236	$ 2,273,895	$ 2,510,710	$ 1,105,099
Receivables, net of allowances for uncollectibles:					
Due from Federal government	—	—	—	—	—
Loans and leases	—	—	—	3,322,544	4,704,274
Other	92,617	48,798	1,365,214	114,451	170,915
Fixed assets	3,218,217	1,059,484	6,816,668	5,056	—
Other assets	127,454	7,902	554,977	15,496	—
Total assets	**$ 5,732,803**	**$ 1,337,420**	**$ 11,010,754**	**$ 5,968,257**	**$ 5,980,288**
LIABILITIES:					
Pension contributions payable	$ —	$ 13,952	$ 1,524,864	$ 1,532	$ —
Accounts payable	—	—	201,762	—	—
Accrued liabilities	143,897	63,337	848,472	190,482	411,866
Deferred revenues	132,054	347	49,547	6,978	27,642
Notes payable	561,250	—	—	86,687	—
Bonds payable	3,249,307	337,595	4,386,303	5,589,478	5,095,089
Other long-term liabilities	153,479	—	279,455	—	196,539
Total liabilities	**4,239,987**	**415,231**	**7,290,403**	**5,875,157**	**5,731,136**
EQUITY (DEFICIT):					
Contributed capital	—	102,890	3,320,685	—	—
Retained earnings	1,492,816	819,299	399,666	93,100	249,152
Total equity (deficit)	**1,492,816**	**922,189**	**3,720,351**	**93,100**	**249,152**
Commitments and contingencies					
Total liabilities and equity (deficit)	**$ 5,732,803**	**$ 1,337,420**	**$ 11,010,754**	**$ 5,968,257**	**$ 5,980,288**
OPERATING REVENUES:					
Charges for services	$ 1,139,702	$ 206,680	$ 2,510,252	$ 21,059	$ 9,395
Financing income	—	—	—	391,065	368,441
Investment earnings	—	—	—	85,964	38,272
Miscellaneous	1,007	13,444	102,747	19,998	1,045
Total operating revenues	**1,140,709**	**220,124**	**2,612,999**	**518,086**	**417,153**
OPERATING EXPENSES:					
Operations	835,172	180,085	4,098,545	100,663	12,570
Depreciation and amortization	143,349	—	225,358	1,595	—
Interest	—	—	—	434,683	387,951
Total operating expenses	**978,521**	**180,085**	**4,323,903**	**536,941**	**400,521**
Operating income (loss)	**162,188**	**40,039**	**(1,710,904)**	**(18,855)**	**16,632**
NONOPERATING REVENUES (EXPENSES):					
Non-State subsidies and grants	—	—	1,325,286	—	—
Interest revenues	83,832	15,785	48,664	—	—
Interest expenses	(193,142)	(10,792)	(172,972)	—	—
Other, net	5,657	(9,691)	(55,667)	(38,566)	1,864
Total nonoperating revenues (expenses)	**(103,653)**	**(4,698)**	**1,145,311**	**(38,566)**	**1,864**
Income (loss) before operating transfers	58,535	35,341	(565,593)	(57,421)	18,496
Operating transfers from other funds	—	—	905,458	—	—
Operating transfers to other funds	—	—	—	—	—
Net income (loss)	58,535	35,341	339,865	(57,421)	18,496
Retained earnings (deficit) at beginning of year, as restated	1,434,281	783,958	59,801	150,521	230,656
Retained earnings (deficit) at end of year	**$ 1,492,816**	**$ 819,299**	**$ 399,666**	**$ 93,100**	**$ 249,152**

Urban Development Corporation	State Insurance Fund	SONY Mortgage Agency	Medical Care Facilities Finance Agency	Other Entities	Total	Eliminations	Total Public Benefit Corporations
$ [illegible]	$ [illegible]	$ [illegible]	$ 1,612,427	$ 586,424	$ 14,604,995	$ 1,622,690	$ 12,982,305
				83	83		83
[illegible]		[illegible]	2,697,670	716,079	14,371,653	3,651,058	10,720,595
[illegible]	[illegible]	[illegible]	37,356	352,982	2,411,059	975,937	1,435,122
[illegible]	[illegible]		–	1,114,131	12,222,195	–	12,222,195
[illegible]	[illegible]	[illegible]		40,490	824,077		824,077
$ 2,130,382	$ 2,652,158	$ 2,464,357	$ 4,347,453	$ 2,810,190	$ 44,434,062	$ 6,249,685	$ 38,184,377
$	$	$	$	$ 9,106	$ 1,549,454	$ –	$ 1,549,454
			1,202	12,828	215,797	–	215,797
[illegible]	[illegible]	[illegible]	210,941	197,219	4,545,171	179	4,544,992
[illegible]	[illegible]		14,481	68,803	513,242		513,242
[illegible]				44,765	832,207	139,505	692,702
[illegible]		[illegible]	3,962,741	1,137,104	27,568,664	6,026,848	21,541,816
[illegible]			1,000	158,305	1,270,072	83,153	1,186,919
2,297,926	2,593,832	2,232,335	4,190,370	1,628,230	36,494,607	6,249,685	30,244,922
				734,963	4,158,538	–	4,158,538
[illegible]	[illegible]	[illegible]	157,083	446,997	3,780,917	–	3,780,917
(167,544)	58,326	232,022	157,083	1,181,960	7,939,455	–	7,939,455
$ 2,130,382	$ 2,652,158	$ 2,464,357	$ 4,347,453	$ 2,810,190	$ 44,434,062	$ 6,249,685	$ 38,184,377
$	$ [illegible]	$	$ 5,318	$ 157,984	$ 4,719,065	$ –	$ 4,719,065
[illegible]		134,072	232,196	100,624	1,305,489	395,494	909,995
[illegible]	[illegible]	102,950	153,395	154	661,606	–	661,606
[illegible]	[illegible]	3,801	–	102,040	253,048	–	253,048
110,438	927,165	240,823	390,909	360,802	6,939,208	395,494	6,543,714
[illegible]	[illegible]	7,247	25,952	772,566	6,894,838	–	6,894,838
[illegible]	308	12,595		12,532	397,141	–	397,141
[illegible]		184,820	296,453	–	1,425,057	395,494	1,029,563
153,456	831,444	204,662	322,405	785,098	8,717,036	395,494	8,321,542
(43,018)	95,721	36,161	68,504	(424,296)	(1,777,828)	–	(1,777,828)
	–		–	309,807	1,635,093	–	1,635,093
	–			55,890	204,171	–	204,171
	[illegible]		–	(84,684)	(466,829)	–	(466,829)
[illegible]	[illegible]	4,936	(57,855)	38,584	(151,483)	–	(151,483)
3,030	(49,014)	4,936	(57,855)	319,597	1,220,952	–	1,220,952
[illegible]	[illegible]	41,097	10,649	(104,699)	(556,876)	–	(556,876)
[illegible]	–	–	26,911	197,790	1,170,547	–	1,170,547
	[illegible]		–	–	(485,000)	–	(485,000)
[illegible]	[illegible]	41,097	37,560	93,091	128,671	–	128,671
[illegible]	[illegible]	190,925	119,523	353,906	3,652,246	–	3,652,246
$ (167,544)	$ 58,326	$ 232,022	$ 157,083	$ 446,997	$ 3,780,917	$ –	$ 3,780,917

Power Authority

The Power Authority (Authority) of the State of New York was created in 1931 to help provide a continuous adequate supply of dependable electric power and energy to the people of the State. The authority generates, transmits, and sells electric power and energy principally at wholesale to various customers including private and municipal utilities.

The Authority's principal asset, utility plant, ($3.2 billion) is stated at original cost and consists primarily of amounts expended to license, construct, acquire, complete and place in operation projects of the Authority. Depreciation is provided on a straight-line basis over the estimated useful lives of various classes of plant with the exception of nuclear fuel which is amortized over its estimated useful life on the unit-of-production basis. The average life for depreciable electric plant is approximately 40 years. Investments costing $2.3 billion, which approximates market value, consist of U.S. Government Securities. The additional data required by Governmental Accounting Standards Board Statement No. 3 was not provided in the financial statements of the Authority. Interest expense is net of interest capitalized of $86 million. Employees of the Authority are members of ERS and pension expense for the year was $13 million. The other long-term liability amount ($153 million) represents costs for nuclear fuel disposal and decommissioning.

The Indian Point 3 Nuclear Power Plant has been experiencing steam generator tube corrosion problems, similar to problems experienced by other nuclear generators of the same design. The Authority has therefore initiated plans for the replacement of the tubes in early 1989 at an estimated cost of $120 million.

Several of the Authority's planned or existing projects are involved in proceedings before Federal and State Courts and agencies. The effect of these matters has delayed and may impede the Authority's construction and operations of such projects or planned projects and require the Authority to incur substantial additional costs. The Authority's General Counsel believes the Authority has meritorious positions with respect to these matters.

Under regulations established by the Federal Price-Anderson Act, the Authority has provided guarantees to the Nuclear Regulatory Commission (NRC) of its ability to pay retrospective premiums of up to $10 million per reactor in any calendar year. These guarantees have been submitted for the FitzPatrick and Indian Point 3 plants. Proposed amendments to the act could substantially increase the amount of the potential retrospective premiums.

In addition to the liability insurance required by the Price-Anderson Act, the NRC requires the Authority to carry decontamination liability and excess property damage insurance of $1.06 billion for each reactor site. The Authority has such coverage in force. Under the coverage obtained, in certain circumstances the Authority could be subject to a maximum retrospective premium assessment of $14 million as of December 31, 1987.

Subsequent to year-end the Authority issued General Purpose Bonds totaling $654 million to achieve debt service savings.

Thruway Authority

The New York State Thruway Authority (Authority) was created as a public benefit corporation by the New York State Legislature in 1950 with powers to construct, operate and maintain a Thruway system. The Authority has also been authorized by the Legislature to act as a financing agent for issuing Emergency Highway Reconditioning and Preservation Bonds and Notes, and Emergency Highway Construction and Reconstruction Bonds and Notes to finance improvements to State highways.

The accounts of the Thruway Authority are maintained in accordance with the provisions of its bond resolutions and accordingly, the Authority's financial statements are not intended to present financial condition and results of operations in conformity with generally accepted accounting principles. The accounts of the Authority follow generally accepted accounting principles except as follows:

- The General Revenue Bond Resolution states the operating expenses shall not include any allowance for depreciation and, accordingly, no provision for depreciation was included in the accounts.
- Equipment replacements are not capitalized.
- All operating and maintenance costs, including materials and supplies, repairs, replacements and provisions for reasonable and necessary reserves to maintain facilities and equipment in good operating condition are charged to operations.
- Construction Fund interest income, Debt Service Fund interest expense and gains on redemption of debt are recorded on the Statement of Changes in Funds and Equities.

The primary asset, fixed assets, represents the thruway project, ($1.1 billion) and consists primarily of highways, bridges, buildings and equipment. Employees are members of ERS and pension expense for the year was $9 million. The Authority recognizes the cost of providing retirees' health care benefits by charging the expense at the time of payment. Total expense charged to operations was $3 million.

The Authority is permitted to invest in obligations of, or guaranteed by, the United States or the State of New York as well as in time deposits and repurchase agreements. Cash and investments consist of $32 million of deposits with financial institutions and $189 million of investments in U.S. Government Securities. Deposits with financial institutions are collateralized by securities in which the Authority may invest directly and which have a market value at least equal to the deposit.

The Authority's investments are categorized below to give an indication of the level of risk assumed by the entity at December 31, 1987. Category A includes securities held by the Authority's agent in the Authority's name. Category B includes unregistered securities held by the Authority's agent, who acted as counterparty, in the Authority's name (amounts in thousands):

	Category		Carrying Amount	Market Value
	A	B		
U.S. Government Securities	$ 149,478	$ 39,696	$ 189,174	$ 190,253

The Authority has been named as a defendant in a number of legal actions resulting from various causes, including the April 5, 1987 collapse of the Schoharie Creek Bridge. Certain types of liability insurance coverages are carried by the Authority, and the Authority is self-insured for certain other types of liabilities. The ultimate amounts which may be required to be paid to settle such litigation are not expected to have a material effect on the financial condition of the Authority.

In April 1988 the Authority's Board authorized a toll increase that is estimated to provide $700 million in additional revenues through July 1996 when the Thruway is scheduled to be toll free. Additional revenues in 1988 are estimated at $57 million.

Metropolitan Transportation Authority

The Metropolitan Transportation Authority (Authority) was created to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York Metropolitan area. The accounts presented as the Metropolitan Transportation Authority are the combined accounts of the following related entities:

–Metropolitan Transportation Authority (MTA)
–New York City Transit Authority (NYCTA)
–Manhattan and Bronx Surface Transit Operating Authority (MABSTOA)
–Staten Island Rapid Transit Operating Authority (SIRTOA)
–Metropolitan Suburban Bus Authority (MSBA)
–The Long Island Rail Road Company (LIRR)
–Triborough Bridge and Tunnel Authority (TBTA)
–Metro-North Commuter Railroad Company (M-NCRC)

Significant inter-entity transactions and balances were eliminated in combination. The primary asset, fixed assets, ($6.8 billion) is reported net of $1.2 billion accumulated depreciation which is provided on a straight-line basis over the estimated useful lives of the fixed assets which range from seven to one hundred years. Certain equipment and other capital used by NYCTA, MABSTOA, MSBA, and SIRTOA, primarily rolling stock, are funded and owned by City, State and Federal governments and accordingly, are not recorded by the Authorities. Capital expenditures during the year were made in accordance with initial and new five-year capital programs implemented by MTA in 1982 and 1987. The total program approximates $16.1 billion and will be financed by Federal grants, long-term State service contracts, bonds to be issued by TBTA, proceeds from the sale of tax benefits and MTA bonds secured by system revenues and other sources. Approximately $9.4 billion has been committed under these programs as of December 31, 1987. Investments of MTA ($1.9 billion) consist of U.S. Government and agency securities and investments held under repurchase agreements collateralized by U.S. Government securities. MTA's investments are held by MTA's agent in custody accounts in their name. The balances were as follows (amounts in thousands):

	Carrying Amount	Market Value
Repurchase Agreements	$ 470,063	$ 475,205
U.S. Government Securities	1,393,317	1,529,112
Total	$ 1,863,380	$ 2,004,317

At year end, the carrying amount of deposits with financial institutions was $3 million and the bank balance was $22 million. Of the bank balance $4 million was covered by federal depository insurance and $18 million was uninsured. The Authority also had uninsured cash balances with a carrying amount of $6 million held by agents and in deposits in transit.

The additional data required by Governmental Accounting Standards Board Statement No. 3 relating to certain cash ($221 million) and investments ($181 million) held by TBTA and NYCTA was not provided in the financial statements.

Interest expense on MTA service contract bonds with a principal amount of $926 million was paid through charges to the State and therefore interest expense on these bonds is not recorded. Interest expense ($173 million) is net of interest capitalized of $31 million.

Increase in contributed capital of $419 million is comprised of Federal and State grants and other financing sources for capital projects.

MTA recognizes the cost of providing retiree's health care benefits by expensing insurance premiums and costs which were approximately $4 million.

Employees are members of ERS or union sponsored plans and pension expense for the year was $501 million. The District Court rendered a summary judgment on September 26, 1986, which was affirmed by the United States Court of Appeals for the Second Circuit on September 3, 1987, finding that the LIRR pension plan is a governmental plan and thus not subject to the Employees Retirement Income Security Act of 1974 (ERISA). The plaintiff has petitioned for certiorari to the United States Supreme Court. If the provisions of ERISA are determined to apply, LIRR may be required to contribute as much as $100 million plus interest to fund the plans for the period from January 1, 1976 through February 1980, or up to $475 million through December 1987 should ERISA apply to LIRR after it became a public benefit corporation in February 1980. Management believes that LIRR has persuasive arguments in support of the position that the plan is a "governmental plan" and not subject to ERISA and that those arguments should prevail. MTA and its related entities are also involved in various other suits. Such litigation is not expected to have a significant adverse effect on their financial condition.

In 1985, TBTA issued approximately $444 million of special obligation bonds in order to defease the $375 million general obligation bonds for the New York City Convention Center and to provide additional funds for the Convention Center. These special obligation bonds are not secured by or payable from any revenues or assets of the

Authority. Since the indebtedness is a liability of the State pursuant to its lease (see Note 9), the liability is not reflected by the Authority.

During 1987, the Authority established an Excess Loss Trust Fund to protect against catastrophic losses. No losses were eligible for reimbursement under this plan during 1987, which at December 31, 1987 had net assets, at market value, available to meet claims of $24 million.

During 1987, the TBTA defeased a portion of its Series D bonds ($188 million) with the issuance of its Series L bonds. The loss on the refinancing ($20 million) is recorded as a nonoperating expense. Future years debt service will be reduced as a result of this transaction by approximately $27 million. The loss is not a cash or economic loss over the life of the bonds. It results from the structuring of the refinancing in which a higher principal amount of bonds at a lower interest rate were issued and legally defeased a lesser principal amount of bonds at a higher interest rate. The additional data required by Governmental Accounting Standards Board Statement No. 7 was not provided in the financial statements of the TBTA or MTA.

The transfer of $905 million represents State grants for operating and other purposes. Other long term liabilities ($279 million) consists of estimated liability for personal injury and deferred compensation ($242 million) and pension costs ($37 million). Other receivables ($1.4 billion) consists primarily of subsidies receivable from New York State and other sources.

In January 1988 MTA issued $100 million Transit Facilities 1987 Service Contract Bonds Series 1 and $56 million Commuter Facilities 1987 Service Contract Bonds, Series 1 due 1988 through 2017.

In February 1988 TBTA issued $227 million Series M Bonds to refund a portion of the TBTA's General Purpose Bonds. TBTA expects to issue $100 million Series N Bonds for use of Transportation Capital Projects in July 1988.

During March 1988, Nassau County announced its intention to assume oversight responsibility for the bus operations of MSBA. This reorganization will result in MSBA no longer being a public benefit corporation subsidiary of the MTA. The effects, if any, of this reorganization on the operations and financial position of the Authority have not been determined.

In May of 1984, NYCTA, MABSTOA, the City of New York and the Port Authority of New York and New Jersey initiated a suit against a bus manufacturer to recover damages of approximately $340 million. The manufacturer countersued for $1 billion. The suit and countersuit were settled in 1988 with recovery of $40 million plus interest over the next five years. This amount was not reflected in the Authority's December 31, 1987 financial statements. The funds will be used solely for the purchase of capital assets.

Dormitory Authority

The Dormitory Authority (Authority) was established in 1944 for the purpose of financing, designing, constructing, purchasing, reconstructing and/or rehabilitating buildings ("projects") for use by educational and other not-for-profit institutions. The Authority is also authorized to make and purchase loans to students enrolled in participating institutions of higher education in the State, and finance the purchase of equipment and various short-term capital projects.

The primary asset, loans and leases receivable ($3.3 billion), is comprised mainly of net investments in direct financing leases ($2.9 billion) which arise from projects leased under long-term noncancellable contracts and are accounted for as financing transactions, construction and mortgage receivables, equipment and other capital project loans, and student loans. Approximately 24% of the direct financing leases are with the State for State University, City University Senior Colleges, and State Health Department projects (see Note 9). No provision has been made for potential losses on mortgage and lease receivables because of collateral and reserve funds held.

Cash balances as of March 31, 1988 are fully insured by Federal depository insurance, collateralized by securities held by a custodial bank in the Authority's name or on deposit with the Comptroller of the State of New York in the State's Short-term Investment Pool. During the year, there were times when cash balances were not entirely insured or collateralized because of noncleared payable checks.

The type and maturity of investment securities held in trustee funds ($2.4 billion) is governed by the applicable underlying bond or note resolution. The Authority has a written investment policy for other investments which allows investment only in full faith and credit obligations of the United States Government and certificates of deposit which are fully insured by Federal insurance.

During the year and at March 31, 1988, all investments were in accordance with the applicable policy or resolution. Investments of trustee funds primarily consist of U.S. Government securities, agreements secured by insurance, or securities guaranteed by the U.S. Government. Trustee fund investments were carried at a cost of $2.4 billion which approximates market value. Other investments were carried at a cost of $80 million which approximates market value. In accordance with Governmental Accounting Standards Board Statement No. 3 the Authority has categorized its investments into two groups. Category 1 includes investments that are insured or registered in the Authority's name, or held by an agent in the Authority's name. Category 2 includes investments that are uninsured and were purchased through the Authority's trustees acting as purchasing agents and are held in trust accounts in the Authority's name (amounts in thousands).

	Category		Carrying Amount	Market Value
	1	2		
U.S. Government Securities	$ 1,139,509	$ 1,299,109	$ 2,438,618	$ 2,438,188
Tennessee Valley Authority Bonds	376	—	376	391
Investment Agreement	45,792	—	45,792	45,792
Floor Ceiling Agreements	—	10,103	10,103	11,843
Total	$ 1,185,677	$ 1,309,212	$ 2,494,889	$ 2,496,214

Fixed assets, net ($5 million) consist of land, buildings and computer equipment. Buildings and equipment are depreciated by the straight-line method of depreciation. Certain bond and note issues have letters of credit, or cash and investment securities pledged to secure payments of the related debt in amounts not less than the principal balance of debt outstanding. At year end, pledges with a market value of $267 million secure debt outstanding with a principal balance of $241 million. In addition, the principal balance outstanding of certain other bond issues is fully secured through municipal bond insurance. At March 31, 1988 the principal balance outstanding on these bonds totalled $638 million. Several bond and note issues have cash and investment securities or bond insurance pledged to secure certain reserve fund requirements. At March 31, 1988, the market value of cash and securities, and bond insurance pledged amounted to $97 million and $5 million, respectively.

Interest expense ($435 million) is net of capitalized interest of $25 million. Employees are members of ERS and pension expense for the year was $813 thousand.

During the year ended March 31, 1988, the Authority issued $350 million in bonds payable with average interest rates ranging from 6.3% to 7.2% to defease $300 million of outstanding bonds with average interest rates ranging from 8.8% to 10.4%. The accounting loss ($39 million) on the advance refunding is recorded as a nonoperating expense. The Authority in effect reduced its aggregate debt service payments by approximately $114 million over the next 30 years and obtained a present value economic gain of $31 million. In addition, the Authority has issued revenue bonds on behalf of nine independent institutions, the City University Senior Colleges and the City University Community Colleges for the purpose of defeasing existing revenue bonds payable and to provide funds for additional construction. Under the terms of these bond resolutions, investments have been placed with a trustee to provide sufficient amounts and are to be used solely for the payment of scheduled debt service requirements on the bonds. The revenue bonds totaling $903 million are considered defeased under existing accounting standards; accordingly, such bonds and the related investments placed in trust are not included in the accompanying financial statements.

Retained earnings at the beginning of the fiscal year has been reduced by $129 million to reflect a restatement in the accounting for the net investment in direct financing leases prior to March 31, 1987. This restatement partially represents a reduction of the lease receivables for the initial deposit of bond proceeds to reserve funds which was previously included in the lease receivables balance. Lease receivables were further reduced to recognize all rental payments received during the fiscal year and to recognize certain transfers other than bond proceeds to the construction fund used to pay construction costs.

The Authority is a defendant in a number of pending legal actions. There are also a number of threatened actions involving the Authority. It is management's opinion that those pending or threatened matters that would be material to the financial statements are covered by insurance or bonds filed with the Authority should a liability arise, or the Authority has the legal power and ability to seek funds to meet any such matters.

Housing Finance Agency

The New York State Housing Finance Agency (Agency) was created to finance low and middle income housing through the sale of tax-exempt securities. The original mandate of the Agency has been expanded through legislation to include financing of non-profit hospitals, nursing homes, municipal health facilities, State University facilities, and community related projects such as day care and senior citizens centers and facilities for the mentally ill and mentally retarded.

The primary asset, loans and leases receivables, is comprised of mortgage and other loans ($2.4 billion), and lease receivables ($2.3 billion) which arise from projects leased under long-term noncancellable contracts and are accounted for as financing transactions. Lease receivables are with the State for the State University Construction and Health Facilities Programs (see Note 9). The provision for possible uncollectible mortgage loans was $6 million at year-end. The Agency has a written investment policy which provides for the investment in U.S. Treasury securities and obligations of government agencies, collateralized obligations with financial institutions meeting specific capitalization and rating agency criteria secured as to principal by U.S. Treasury securities and obligations of government agencies, and uncollateralized obligations with financial institutions whose performance is guaranteed by a financial institution meeting specific capitalization and rating agency criteria or is insured federally or by an insurance company that meets specific capitalization and rating agency criteria. In addition all Agency monies held in trustee accounts are governed by the applicable underlying bond resolution. During the year, and at October 31, 1987, all Agency monies were invested in accordance with the applicable policy or resolution. During February 1987, the Agency entered into a custodial agreement with a financial institution to fully collateralize escrow accounts held with a depository. Under the agreement, the Agency has a security interest in the collateral that is placed by the depository with the financial institution. At October 31, 1987 cash of $12 million which was held by the New York State Department of Taxation and Finance and with a depository, was fully collateralized. In addition cash held by paying agents and depositories of $220 million was uncollateralized. The bank balance of deposits approximates book balance.

The Agency's investments are categorized below to give an indication of the level of risk assumed by the entity at October 31, 1987. Category A includes investments held by the New York State Department of Taxation and Finance. Category B includes investments held by trustees in the Agency's name. Category C includes uncollateralized investments held by financial institutions (amounts in thousands):

	Category			Carrying Amount	Market Value
	A	B	C		
U.S. Treasury Securities and Obligations of Government Agencies	$ 78,433	$ 591,643	$ 106,894	$ 776,970	$ 804,655
Certificates of Deposit, Corporate Notes and Repurchase Agreements	6,181	90,172	—	96,353	96,353
Total	**$ 84,614**	**$ 681,815**	**$ 106,894**	**$ 873,323**	**$ 901,008**

Other long-term liabilities consist of amounts due to the State which represent the accumulated amount of unpaid monies appropriated by the State legislature to the Agency. State repayment obligations are payable when the related mortgage loans are collected. New amounts received from the State totaled $7 million, while repayments were $2 million. Employees are members of ERS and pension expense for the year was $428 thousand.

The auditor's report is qualified subject to the outcome of mortgage loan and other receivables in the amount of $505 million relating to the Co-op City project which are in arrears. The collectibility of such receivables is dependent upon the mortgagor's ability to generate future revenues sufficient to cover operating costs, including debt service, the ability of the mortgagor to obtain additional financing or its ability to restructure its debts.

The Agency is involved in various legal actions and claims from Federal funding agencies, the outcome of which, in its opinion, will not result in any material adverse financial effect on its programs.

Subsequent to the end of its fiscal year, the agency issued bonds for various purposes totaling $186 million, and bonds were defeased for various purposes totaling $88 million.

Urban Development Corporation

The New York State Urban Development Corporation (UDC) was established by legislative act in 1968 as a corporate governmental agency of the State. UDC's efforts are currently directed to several activities including civic, commercial, high technology and industrial development within the State, including the development of essential public projects; in addition, UDC provides municipalities and the State with its development expertise and its ability to facilitate real estate tax abatement and tax-exempt financing.

The primary asset, loans and leases receivables ($1.5 billion), is comprised principally of residential mortgage loans receivable ($820 million, of which $727 million are subsidized mortgages), nonresidential projects ($133 million), and economic development and public projects receivable ($564 million). Residential mortgage loans are collateralized by a first lien on the project and are payable by the Housing Company borrower in equal installments of principal and interest over a 40 year period. At March 31, 1988 approximately $463 million of subsidized residential mortgage loans have been pledged as collateral for approximately $205 million of revenue bonds and other long-term liabilities.

Because a substantial number of subsidized mortgagors are presently unable to fully satisfy debt service obligations, and since it is anticipated that this condition will continue, UDC, for accounting purposes, amortizes its subsidized residential mortgage loans solely from amounts received from the United States Department of Housing and Urban Development ("HUD"). This method will result in the recovery of UDC's investment over the remaining period to maturity of the subsidized mortgaged loans with an estimated annual yield on the unrecovered investment of approximately 5%, subject only to the continued receipt of HUD payments. Debt service payments from Housing Companies on these loans are accounted for as interest income as received. In addition, interest on non-subsidized residential mortgage loans is recognized as received, based on an effective yield determined on the basis of management's estimate of future cash receipts to be received on the loans in relation to UDC's investment in the loans. Payments on both subsidized and non-subsidized residential mortgage loans which are received during a period subsequent to the end of the fiscal year and which are applicable to such year are accrued. UDC continues to be legally entitled to receive all unpaid interest and principal payments under the mortgages. Such past due unpaid amounts were $167 million at March 31, 1988. No provision is made for possible uncollectible residential mortgage loans receivable.

At March 31, 1988 cash and investments ($498 million) consisted of deposits of $2 million and investments of $496 million (market value $497 million). Approximately $1 million of the bank balance of deposits was covered by Federal depository insurance and the remainder was uninsured and uncollateralized. Authorization for investments is governed by written investment guidelines, statutes and bond resolutions. Permitted investments include obligations of the United States, its agencies and instrumentalities; direct obligations of New York State, its subdivisions and public authorities; collateralized investments which are fully secured as to principal by U.S. Treasury securities and obligations of the U.S. Government, with financial institutions which meet specified criteria; and repurchase agreements, secured by U.S. Government securities, with financial institutions doing business in New York State which are listed as primary government securities dealers by New York's Federal Reserve Bank.

At March 31, 1988 investments, which were insured or registered with the securities or collateral held by a bank and trust company as agents and bond trustees in UDC's name were (amounts in thousands):

	Carrying Value	Market Value
Repurchase Agreements	$ 12,760	$ 13,196
U.S. Treasury Agency Obligations	438,520	438,632
Time Deposits	44,680	44,992
	$ 495,960	$ 496,820

Other long-term liabilities ($481 million) primarily represent the accumulated amount of monies appropriated by the State Legislature that have been received and not repaid. UDC is, and will remain, dependent upon the State for appropriations to meet its financing requirements. Employees are members of ERS and pension expense for the year was $1 million.

Mortgage advances for certain purposes with respect to certain projects exceed the limits normally imposed by HUD for such purposes and, unless approved by HUD, could under certain circumstances entitle HUD to reduce the aggregate annual HUD payments and require payments to HUD of HUD payments received with respect to such advances. Further, under agreements with HUD, if the combined average cost of borrowing of UDC and Project Finance Agency is reduced below a permitted level, subsidies could be reduced.

The transfer from other funds of $40 million is comprised of State appropriations for interest on special purpose revenue bonds and administrative and general expenses.

UDC has issued Correctional Facilities Revenue Bonds 1986 Refunding Series and Project Revenue Bonds (Center for Industrial Innovation) 1986 Refunding series for the purpose of defeasing existing revenue bonds payable. Under the terms of these bonds resolutions, investments have been placed with a trustee to provide sufficient amounts and are to be used solely for the payment of scheduled debt service requirements of the bonds. The revenue bonds totaling $331 million are considered defeased under existing accounting standards; accordingly, such bonds and the related investments placed in trust are not included in the accompanying financial statements.

In connection with its mortgage loan enforcement efforts, foreclosure proceedings have commenced on several projects. These proceedings have resulted in counterclaims for damages. UDC has also been named defendant in other legal actions. UDC believes such litigation will not have a material adverse effect on its financial condition.

State Insurance Fund

The State Insurance Fund (Fund) is comprised of the Worker's Compensation Fund and the Disability Benefits Fund and is primarily engaged in providing worker's compensation and disability benefit insurance for employers in the State of New York.

The Fund prepares its financial statements in conformity with accounting practices prescribed or permitted by the New York State Insurance Department which vary in certain respects from generally accepted accounting principles. Accordingly, the financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles (GAAP). The principal variances are as follows:

- The liability for unpaid losses is discounted to its present value using an annual effective interest rate of 3.5%. Under GAAP, the loss adjustment expenses would also be discounted and the interest rate used would be based on market rates and earnings expectations.
- All nonadmitted assets ($103 million principally overdue premiums in the course of collection and office furniture and equipment) are charged against surplus. Under GAAP, such nonadmitted assets would be recorded as assets, less valuation allowances or accumulated depreciation.
- Amortization of premium and accretion of discount on bonds held at year end is recorded as an unrealized gain or loss and is recognized as income when sold. Under GAAP, the accretion and amortization would be included in investment income when accrued.

- All policy acquisition costs (principally underwriting and marketing related costs) are charged to expenses as incurred, rather than deferred and amortized over the life of the related policies.
- The Fund records initial premiums when due and any subsequent premiums are recorded when determined and billed to policyholders. Under GAAP, estimated premiums would be recognized as revenue over the period of the contract in proportion to the amount of insurance protection provided.
- Salvage and subrogation recoveries are recorded when received, rather than estimated and provided for at the time the related loss is incurred.

The primary asset, cash and investments ($2.5 billion), consists primarily of U.S. Government and Government agency obligations, New York State obligations, corporate bonds, insured FHA mortgages and collateral loans (repurchase agreements). The primary liability, accrued liabilities ($2.4 billion), consists mainly of losses and loss adjustment expenses primarily for the Worker's Compensation Fund, based on individual case estimates and formula reserves ($2.1 billion). Section 87 of the Workers' Compensation Laws states the types of investments permitted for the Fund and provides that the Commissioner of Taxation and Finance is the custodian of the Fund. Except for imprest accounts and securities in transit, all cash and investment accounts are collateralized in accordance with Section 105 of the New York State Finance Law. The additional data required by Governmental Accounting Standards Board Statement No. 3 was not provided in the financial statements of the Fund. Employees are members of ERS and pension expense for the year was $5 million.

Substantially all property owned by the Fund is used for its own operations. Buildings are depreciated over estimated useful lives (25 to 40 years) using the straight-line method.

Subsequent to its year-end and prior to the State's year-end the Fund transferred $140 million to the State's Capital Projects Fund. This amount was recorded as both a receivable and a payable to the State on the Fund's balance sheet. An operating transfer from other funds of $190 million was made in 1983 and transfers totaling $485 million were made in 1987. These transactions are considered operating transfers by the State and not a liability of the State or a receivable of the Fund. Therefore, the $190 million, $485 million, and $140 million receivables and offsetting liability of $140 million and related equity have been eliminated from the Fund's balance sheet.

State of New York Mortgage Agency

The State of New York Mortgage Agency (Agency) was created in 1970 to alleviate shortages of funds available for residential mortgages that occur in the banking system within the State. To accomplish this purpose, the Agency issued tax-exempt mortgage revenue bonds and used the proceeds to purchase existing residential mortgage loans from New York State banks with the provision that the banks invest the proceeds in new residential mortgage loans within the State. In 1982, the Legislation noted above was amended to permit bond proceeds to be used directly to originate new mortgage loans through participating banks.

Loans and leases receivables ($1.4 billion), consists primarily of mortgage loans financed by long-term indebtedness. Mortgage loans on real estate are stated at their unpaid principal balance, less unearned discount. Unearned discount is amortized to earnings based upon the level yield method. The Agency is authorized to invest in obligations of, or guaranteed by, the United States as well as in time deposits, certificates of deposit and repurchase agreements. Cash and investments ($975 million) consist of $287 million of deposits with financial institutions and $688 million of investments in U.S. Government Securities and FHLMC and FNMA obligations. Deposits with financial institutions, with the exception of $57 million which is uncollateralized, are either FDIC insured or collateralized by the pledging banks' trust department in the Agency's name. All of the Agency's investments are registered and securities are held by the Agency or its agent in the Agency's name. Security investments are stated at cost, adjusted for amortization of premium and discount to maturity on a straight-line basis, which approximates the interest method of amortization. All full-time employees of the Agency are covered by ERS and pension expense for the year was $267 thousand.

On October 1, 1987 the Agency legally satisfied the defeasance covenants of the General Revenue Bond Resolution for Series A, B, D and E General Revenue Bonds in the amount of $104 million. On November 19, 1987 the Agency redeemed Series C General Revenue Bonds in the amount of $39 million. The Agency also redeemed at par a portion of the Home Mortgage Revenue Bonds, the Residential Mortgage Revenue Bonds and the Mortgage Revenue Bonds during the year ended March 31, 1988. The net gain on these transactions ($5 million) is reported as a nonoperating revenue.

Medical Care Facilities Finance Agency

The New York State Medical Care Facilities Finance Agency (Agency) is authorized to issue bonds and notes in a principal amount not exceeding $5.5 billion for the purpose of (1) making mortgage and equipment loans to non-profit hospitals, nursing home companies, medical corporations and other agencies, and (2) making loans to qualified health maintenance organizations. The Agency is also authorized to issue bonds for loans to hospitals designated as financially distressed, to finance construction of mental health facilities (other than bonds and notes to refund the outstanding New York State Housing Finance Agency Mental Hygiene Improvement Bonds), and to finance construction of municipal health facilities in amounts not to exceed $450 million, $400 million, and $1 billion, respectively.

The primary asset, loans and leases receivables, is comprised of mortgage loans ($2.3 billion) financed by long-term indebtedness, and lease receivables ($395 million). The operating transfer from other funds of $26 million is made from the State's governmental funds primarily to support the Hospital Revenue Bond Program. The Agency has a written investment policy which provides for the investment in U.S. Treasury securities and obligations of government agencies, collateralized obligations with financial institutions meeting specific capitalization and rating agency criteria secured as to principal by U.S. Treasury securities and obligations of government agencies, and uncollateralized obligations with financial institutions whose performance is guaranteed by a financial institution meeting specific capitalization and rating agency criteria or is insured federally or by an insurance company that meets specific capitalization and rating agency criteria. In addition all Agency monies held in trustee accounts are governed by the applicable underlying bond resolution. During the year, and at October 31, 1987, all Agency monies were invested in accordance with the applicable policy or resolution. At October 31, 1987 cash of $2 million which was held by the New York State Department of Taxation and Finance and with a depository, was fully collateralized. In addition cash held by paying agents and depositories of $16 million was uncollateralized. The bank balance of deposits approximates book balance.

The Agency's investments are categorized below to give an indication of the level of risk issued by the entity at October 31, 1987. Category A includes investments held by the New York State Department of Taxation and Finance. Category B includes investments held by trustees in the Agency's name. Category C includes uncollateralized investments held by financial institutions (amounts in thousands).

	Category			Carrying Amount	Market Value
	A	B	C		
U.S. Treasury Securities and Obligations of Government Agencies	$ 16,338	$ 1,262,186	$ —	$ 1,278,524	$ 1,292,120
Certificates of Deposit, Corporate Notes and Repurchase Agreements	—	21,576	294,269	315,845	315,863
Total	**$ 16,338**	**$ 1,283,762**	**$ 294,269**	**$ 1,594,369**	**$ 1,607,983**

Other long-term liabilities ($1 million) represent outstanding amounts appropriated by the State Legislature to the Agency to establish a Hospital and Nursing Home Project Special Debt Service Reserve Fund to be used to the extent required to make up deficiencies in interest or principal payments on these related loans. The $1 million obligation is repayable to the State upon repayment of all bonds under the Hospital and Nursing Home Project Bond Program.

Subsequent to the end of its fiscal year, the Agency issued bonds for various purposes totaling $620 million, and defeased bonds for various programs totaling $40 million.

ELIMINATIONS

Eliminations are made primarily to avoid duplicate reporting. As explained in Note 9, the State services a significant portion of the bonds and notes payable of certain public benefit corporations. Since this liability is reported by the State, an equivalent amount ($6 billion) of bonds payable and related assets is eliminated as is the applicable financing income and interest expense of $395 million (which was not eliminated in prior years). The amount of bonds payable eliminated differs from the amount in Note 9 ($6.6 billion) primarily due to transactions occurring between the corporations' reported fiscal year-ends and the State's March 31, 1988 year-end and because the amount reported in Note 9 for the Triborough Bridge and Tunnel Authority (TBTA) is not reported in TBTA's financial statements. Another elimination ($220 million) is to delete a receivable and payable between the Urban Development Corporation and the Project Finance Agency.

OTHER INFORMATION

Cash and investments (before eliminations) includes approximately $13.9 billion of investments at cost, which approximates market value. Receivables are presented net of allowances for uncollectibles of $53 million.

Changes in fixed assets were as follows (amounts in thousands):

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Power Authority	$ 4,165,803	$ 332,332	$ 78,616	$ 4,419,519
Thruway Authority	1,052,183	7,301	—	1,059,484
Metropolitan Transportation Authority	6,713,974	1,506,424	229,699	7,990,699
Dormitory Authority	4,532	1,073	—	5,605
Urban Development Corporation	5,241	490	—	5,731
State Insurance Fund	12,455	1,281	—	13,736
Other	1,249,092	84,612	2,268	1,331,436
	13,203,280	$ 1,933,513	$ 310,583	14,826,210
Less Accumulated Depreciation	2,290,301			2,604,015
Total	$ 10,912,979			$ 12,222,195

Fixed assets were comprised of the following (amounts in thousands):

Land	$ 326,309
Land Improvements	4,360,831
Buildings	5,976,634
Equipment	4,162,436
Total	$ 14,826,210

Certain public benefit corporations issue their own serial and revenue bonds. These bonds, which have interest rates ranging from 0.10% to 25.0%, are not legal obligations of the State (see Notes 9 and 13). Changes in bonds outstanding (before eliminations) were as follows (amounts in thousands):

Issuer	Outstanding Beginning of Year	Issued	Redeemed	Outstanding End of Year
Power Authority	$ 3,341,944	$ —	$ 92,637	$ 3,249,307
Thruway Authority	370,760	—	33,165	337,595
Metropolitan Transportation Authority	3,937,299	682,715	233,711	4,386,303
Dormitory Authority	5,102,795	1,238,913	752,230	5,589,478
Housing Finance Agency	5,738,077	13,986	656,974	5,095,089
Urban Development Corporation	1,449,723	208,681	49,356	1,609,048
State of New York Mortgage Agency	2,384,929	692,422	875,352	2,201,999
Medical Care Facilities Finance Agency	3,242,700	1,706,730	986,689	3,962,741
Other	1,144,997	25,776	33,669	1,137,104
Total	$ 26,713,224	$ 4,569,223	$ 3,713,783	$ 27,568,664

Debt service requirements to maturity are as follows (amounts in thousands):

First year	$ 891,188
Second year	584,264
Third year	607,719
Fourth year	647,032
Fifth year	720,189
Thereafter	24,118,272
Total	$ 27,568,664

Notes were issued by certain public benefit corporations to provide temporary or interim financing for special projects. The notes will be repaid from the proceeds of revenue bonds to be issued, from the renewal of the notes or from monies received from municipalities, Federal or State aid or other sources relative to the purpose of the issuance. Interest rates for notes with a principal balance of $771 million ranged from 4.2% to 10.5%. Interest rates for $61 million fluctuate with bank prime lending rates and U.S. Treasury bill rates. Changes in notes (before eliminations) were as follows (amounts in thousands):

Issuer	Outstanding Beginning of Year	Issued	Redeemed	Outstanding End of Year
Power Authority	$ 261,250	$ 300,000	$ —	$ 561,250
Dormitory Authority	25,464	71,743	10,520	86,687
Urban Development Corporation	143,036	—	3,531	139,505
Other	36,701	21,989	13,925	44,765
Total	**$ 466,451**	**$ 393,732**	**$ 27,976**	**$ 832,207**

Public benefit corporations are also committed under numerous operating leases covering right-of-way and real property for which there is no evidence of purchase options or other traits of ownership passed to the public benefit corporations (capitalized leases are not significant). Rental expense for the year was $19 million. Future minimum lease payments under noncancellable leases exceeding one year are as follows (amounts in thousands):

First year	$ 14,174
Second year	12,701
Third year	11,947
Fourth year	11,888
Fifth year	10,334
Thereafter	107,926
Total	**$ 168,970**

Note 17

JOINT VENTURES

Joint Ventures are independently constituted entities generally created by two or more governments for a specific purpose, such as contracting and maintaining an interstate or international bridge. Pursuant to current financial reporting standards, the State does not record its equity in joint ventures. The only material joint venture in which the State of New York participates is the Port Authority of New York and New Jersey.

The Port Authority is a municipal corporate instrumentality of the States of New York and New Jersey created by compact between the two states in 1921 with the consent of the Congress of the United States. It is authorized and directed to plan, develop and operate terminals and other facilities of transportation and commerce, and to advance projects in the general fields of transportation, economic development, and world trade that contribute to promoting and protecting the commerce and economy of the Port District, defined in the compact, which comprises an area of about 1,500 square miles in both States, centering about New York Harbor.

The governor of each state appoints six of the twelve members of the governing Board of Commissioners, subject to confirmation by the respective state senate. Each governor has from time to time exercised the statutory power to veto the actions of the commissioners from his state.

The commissioners serve six-year overlapping terms as public officials without compensation. They establish Port Authority policy, appoint an Executive Director to implement it, and also appoint a General Counsel to act as legal advisor to the Board and to the Executive Director.

The compact envisions the Port Authority as being financially self-sustaining and, as such, it must obtain the funds necessary for the construction or acquisition of facilities upon the basis of its own credit, its reserve funds and its future revenues. The Port Authority has neither the power to pledge the credit of either state or any municipality nor to levy taxes or assessments.

The Port Authority's annual budget is a financial planning tool outlining the estimated expenditures for programs already authorized or to be considered by the Board of Commissioners. It is not an authorization allocation, and approval of the budget based on the financial plan does not in itself authorize projects. Each capital project must be separately considered and approved by the Commissioners. Upon approval, the financial plan becomes a means of achieving systematic control of program expenditures to ensure that they are made in accordance with the policies and financial decisions of the Board, and the requirements of the By-Laws of the Port Authority.

Consolidated financial statements of the Port Authority for the fiscal year ending December 31, 1987 disclosed the following (amounts in thousands):

Financial Position

Total assets	$ 5,542,703
Total liabilities	(3,412,742)
Net assets	**$ 2,129,961**

Operating Results

Operating revenues	$ 1,331,438
Operating expenses	(1,002,930)
Depreciation and amortization	(169,393)
Income from operations	159,115
Financial income (expense), net	(77,414)
Income before extraordinary items	81,701
Extraordinary Item	
Gain on purchase of Port Authority bonds in connection with future sinking fund requirements	2,312
Net income	**$ 84,013**

Changes in Net Assets

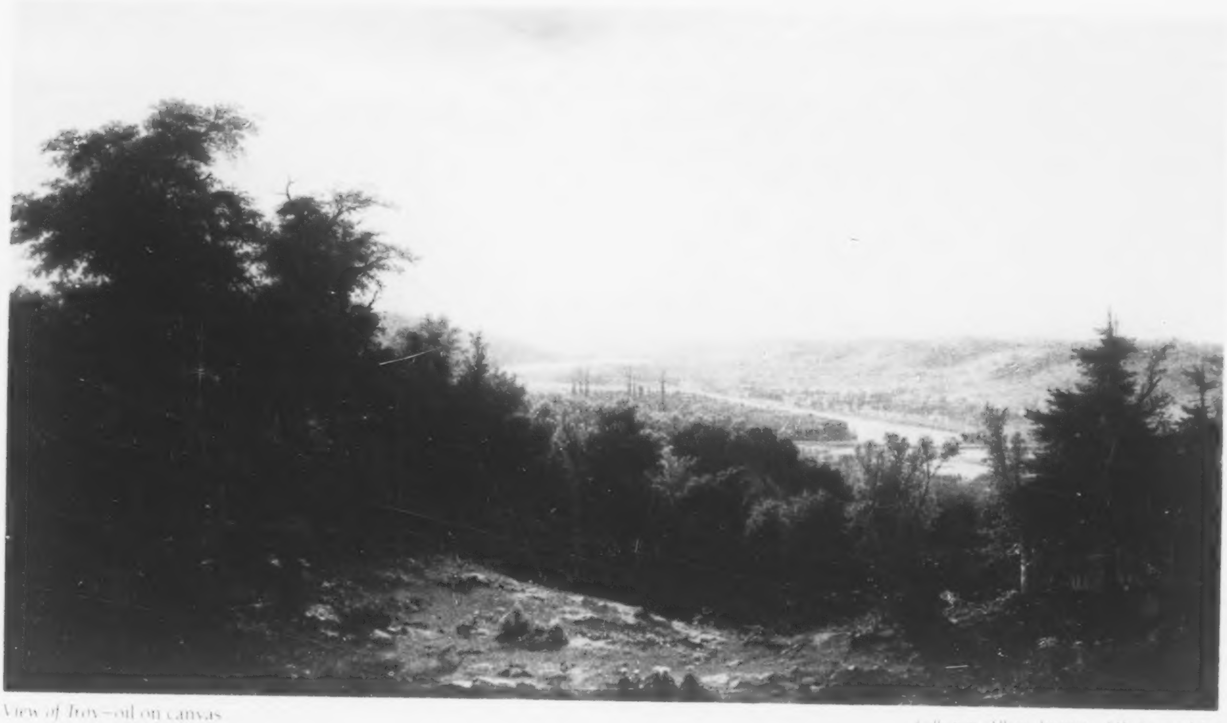
Balance, January 1, 1987	**$ 2,024,818**
Net income	84,013
Federal contributions in aid of construction	21,130
Balance, December 31, 1987	**$ 2,129,961**

Except for Special Project bonds, the Port Authority's debt is secured by its full faith and credit, its reserve funds or a pledge of specific net revenues of certain leases. Special Project Bonds are secured by a lease on the financed properties, a mortgage by the lessee of its leasehold interests under the lease and by a security interest in certain items of the lessee's personal property to be located at the project. At December 31, 1987 Port Authority debt consisted of the following (amounts in thousands):

Consolidated bonds	$ 2,546,660
Consolidated notes	116,000
Special project bonds	96,500
	$ 2,759,160

Montauk Point—NYS *Dept. of Commerce*

Combining Financial Statements



View of Troy—oil on canvas

Collection: Albany Institute of History and Art

Asher Brown Durand was born on August 21, 1796 in Jefferson Village, New Jersey. He was an engraver and illustrator as well as a painter and he was one of the prime movers behind the Hudson River School of Art. Durand began his career by engraving reproductions of paintings by various artists and portraits of important Americans. He was also involved in the illustration of gift books.

Along with his brother, Durand provided graphic and engraving services for the Federal government relating to the production of US currency. This work was instrumental in establishing a base for many of the ornamental and pictorial devices used in producing currency.

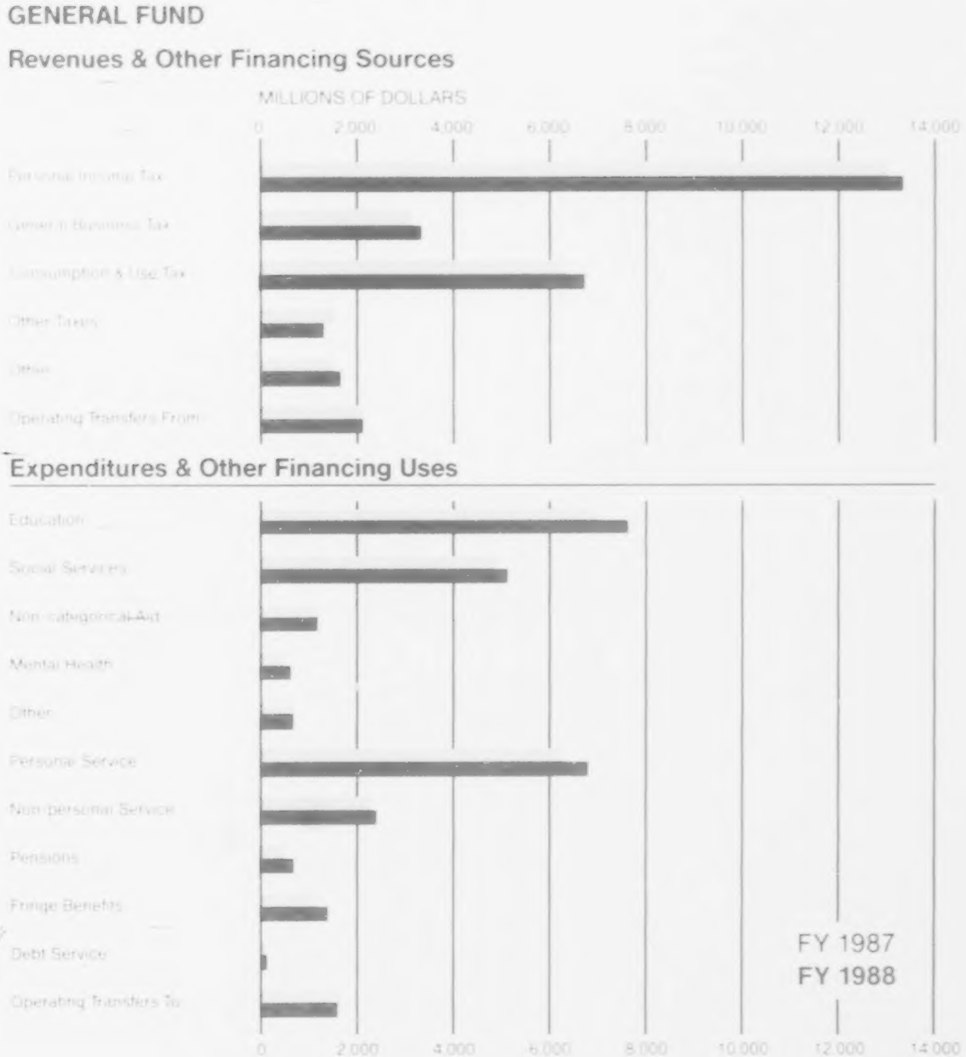
Durand concentrated his efforts on painting portraits of famous Americans during the 1830s. After visiting Europe he turned his efforts to painting Hudson River landscapes. A.B. Durand was one of the first American painters to paint nature scenes.

General Fund

The General Fund is the most significant of the State's funds. Most tax revenues and certain miscellaneous revenues are recorded in the General Fund.

The General Fund is divided into several accounts. Expenditures in the form of aid to local governments for their general purposes (e.g. State-local revenue sharing) and to school districts and municipalities for certain specific purposes (e.g., education and social services) are made from the Local Assistance account. These payments, often based on specific legislated formulas, are nevertheless limited under the State Constitution to appropriations in force. Expenditures from the Local Assistance account normally comprise approximately 60% of General fund expenditures.

The expenditures of operating the departments of the Executive Branch, the Legislature and the Judiciary, as well as expenditures for General State charges such as contributions to employee retirement systems, are paid primarily from the State Purposes account and normally comprise approximately one-third of the General Fund expenditures.


GENERAL FUND

Revenues & Other Financing Sources

Expenditures & Other Financing Uses

General Fund—Combining Balance Sheet

March 31, 1988
(Amounts in thousands)

	Local Assistance Account	State Purposes Account	Tax Stabilization Reserve Account	Infrastucture Trust Fund Account
ASSETS:				
Cash and investments	$ 4,008	$ 79,224	$ 52,687	$ 646,173
Receivables, net of allowances for uncollectibles:				
Taxes	—	3,549,124	—	—
Other	49,887	64,968	—	—
Due from other funds	1,186	29,452	148,686	—
Other assets	40,805	29,314	—	—
Total assets	**$ 95,886**	**$ 3,752,082**	**$ 201,373**	**$ 646,173**
LIABILITIES:				
Tax refunds payable	$ —	$ 2,746,989	$ —	$ —
Payable to local governments	3,852,232	49,201	—	—
Pension contributions payable	—	569,675	—	—
Accounts payable	322	227,714	—	—
Accrued liabilities	504,128	530,408	—	—
Due to other funds	26,931	206,381	—	—
Deferred revenues	—	95,475	—	—
Total liabilities	**4,383,613**	**4,425,843**	**—**	**—**
EQUITY (DEFICIT):				
Fund balances (deficits):				
Reserved for:				
Encumbrances	216,173	222,621	—	—
Infrastucture trust	—	—	—	646,173
Tax stabilization	—	—	201,373	—
Education accumulation	—	—	—	—
Other specified purposes	49,886	6,454	—	—
Unreserved	(4,553,786)	(902,836)	—	—
Total equity (deficit)	**(4,287,727)**	**(673,761)**	**201,373**	**646,173**
Commitments and contingencies				
Total liabilities and equity (deficit)	**$ 95,886**	**$ 3,752,082**	**$ 201,373**	**$ 646,173**

Health Insurance Reserve Receipts Account	Centralized Services Account	State Exposition Special Account	Correctional Services Commissaries Account	Earmarked Revenue Account	Mental Hygiene Revolving Account	Mental Health Sheltered Workshop Account
$ 57,907	$ 476	$ 648	$ 3,071	$ 785,410	$ 261	$ 1,438
—	—	—	—	—	—	—
—	867	—	—	15,746	—	—
—	30,931	—	74	31,780	4	12
—	1,234	—	—	190	—	—
$ 57,907	**$ 33,508**	**$ 648**	**$ 3,145**	**$ 833,126**	**$ 265**	**$ 1,450**
$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—
—	—	—	—	—	—	—
4,338	8,666	156	1,014	45,554	84	168
2,236	1,830	10	—	32,519	32	—
—	41,822	19	4	42,657	92	10
—	—	—	—	49,033	—	—
6,574	**52,318**	**185**	**1,018**	**169,763**	**208**	**178**
—	10,034	42	—	40,823	142	149
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	655,298	—	—
—	—	—	—	—	—	—
51,333	(28,844)	421	2,127	(32,758)	(85)	1,123
51,333	**(18,810)**	**463**	**2,127**	**663,363**	**57**	**1,272**
$ 57,907	**$ 33,508**	**$ 648**	**$ 3,145**	**$ 833,126**	**$ 265**	**$ 1,450**

General Fund– Combining Balance Sheet (cont'd)

March 31, 1988
(Amounts in thousands)

	Mental Hygiene Community Stores Account	Supply Support System Revolving Account	Joint Labor-Management Administration Account	Health Insurance Revolving Account
ASSETS:				
Cash and investments	$ 2,935	$ 2,978	$ 140	$ 8
Receivables, net of allowances for uncollectibles:				
Taxes	—	—	—	—
Other	85	—	—	—
Due from other funds	13	6,172	—	3,466
Other assets	—	—	—	—
Total assets	**$ 3,033**	**$ 9,150**	**$ 140**	**$ 3,474**
LIABILITIES:				
Tax refunds payable	$ —	$ —	$ —	$ —
Payable to local governments	—	—	—	—
Pension contributions payable	—	—	—	—
Accounts payable	293	5,747	18	100
Accrued liabilities	94	706	74	190
Due to other funds	239	2,411	471	8,655
Deferred revenues	—	—	—	—
Total liabilities	**626**	**8,864**	**563**	**8,945**
EQUITY (DEFICIT):				
Fund balances (deficits):				
Reserved for:				
Encumbrances	433	7,488	42	195
Infrastucture trust	—	—	—	—
Tax stabilization	—	—	—	—
Education accumulation	—	—	—	—
Other specified purposes	—	—	—	—
Unreserved	1,974	(7,202)	(465)	(5,666)
Total equity (deficit)	**2,407**	**286**	**(423)**	**(5,471)**
Commitments and contingencies				
Total liabilities and equity (deficit)	**$ 3,033**	**$ 9,150**	**$ 140**	**$ 3,474**

Correctional Industries Revolving Account	Industrial Exhibit Authority Account	CUNY Unrestricted Account	Miscellaneous	Eliminations	Total
$ 156	$ 545	$ 6,264	$ 1,028	$ —	$ 1,645,357
—	—	—	—	—	3,549,124
11,032	—	3,892	287	—	146,764
1	10	18,749	106	(228,476)	42,166
—	—	516	—	—	72,059
$ 11,189	$ 555	$ 29,421	$ 1,421	$ (228,476)	$ 5,455,470
$ —	$ —	$ —	$ —	$ —	$ 2,746,989
—	—	—	—	—	3,901,433
—	—	—	—	—	569,675
3,300	25	2,028	184	—	299,711
1,099	6	18,770	41	—	1,092,143
15,855	—	—	532	(228,476)	117,603
—	—	3,779	—	—	148,287
20,254	31	24,577	757	(228,476)	8,875,841
2,907	10	—	180	—	501,239
—	—	—	—	—	646,173
—	—	—	—	—	201,373
—	—	—	—	—	655,298
—	—	—	—	—	56,340
(11,972)	514	4,844	484	—	(5,480,794)
(9,065)	524	4,844	664	—	(3,420,371)
$ 11,189	$ 555	$ 29,421	$ 1,421	$ (228,476)	$ 5,455,470

General Fund— Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Year Ended March 31, 1988
(Amounts in thousands)

	Local Assistance Account	State Purposes Account	Tax Stabilization Reserve Account	Infrastructure Trust Fund Account
REVENUES:				
Taxes				
Personal income	$ —	$ 13,420,483	$ —	$ —
General business	—	3,439,274	—	—
Consumption and use	—	6,811,121	—	—
Other	—	1,314,297	—	—
Federal grants	—	50,898	—	—
Miscellaneous	17,633	837,238	—	—
Total revenues	**17,633**	**25,873,311**	**—**	**—**
EXPENDITURES:				
Grants to local governments				
Education	7,242,535	—	—	—
Social services	5,101,885	—	—	—
Non-categorical aid	1,196,089	—	—	—
Health and environment	218,223	—	—	—
Transportation	206,239	—	—	—
Mental hygiene	654,793	—	—	—
Criminal justice	238,901	—	—	—
Other programs	290,462	—	—	—
Operations of state departments and agencies				
Personal service costs	—	4,629,989	—	—
Non-personal service costs	—	1,965,372	—	—
Pension contribution	—	662,293	—	—
Other fringe benefits	—	1,105,675	—	—
Debt service, including payments on financing arrangements	—	135,841	—	—
Total expenditures	**15,149,127**	**8,499,170**	**—**	**—**
Excess (deficiency) of revenues over expenditures	**(15,131,494)**	**17,374,141**	**—**	**—**
OTHER FINANCING SOURCE (USES):				
Operating transfers from other funds	16,557,663	250,838	—	646,173
Operating transfers to other funds	(1,638,429)	(18,469,312)	—	—
Net other financing sources (uses)	**14,919,234**	**(18,218,474)**	**—**	**646,173**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(212,260)	(844,333)	—	646,173
Fund balances (deficits) at April 1, 1987	(4,075,467)	170,572	201,373	—
Fund balances (deficits) at March 31, 1988	**$ (4,287,727)**	**$ (673,761)**	**$ 201,373**	**$ 646,173**

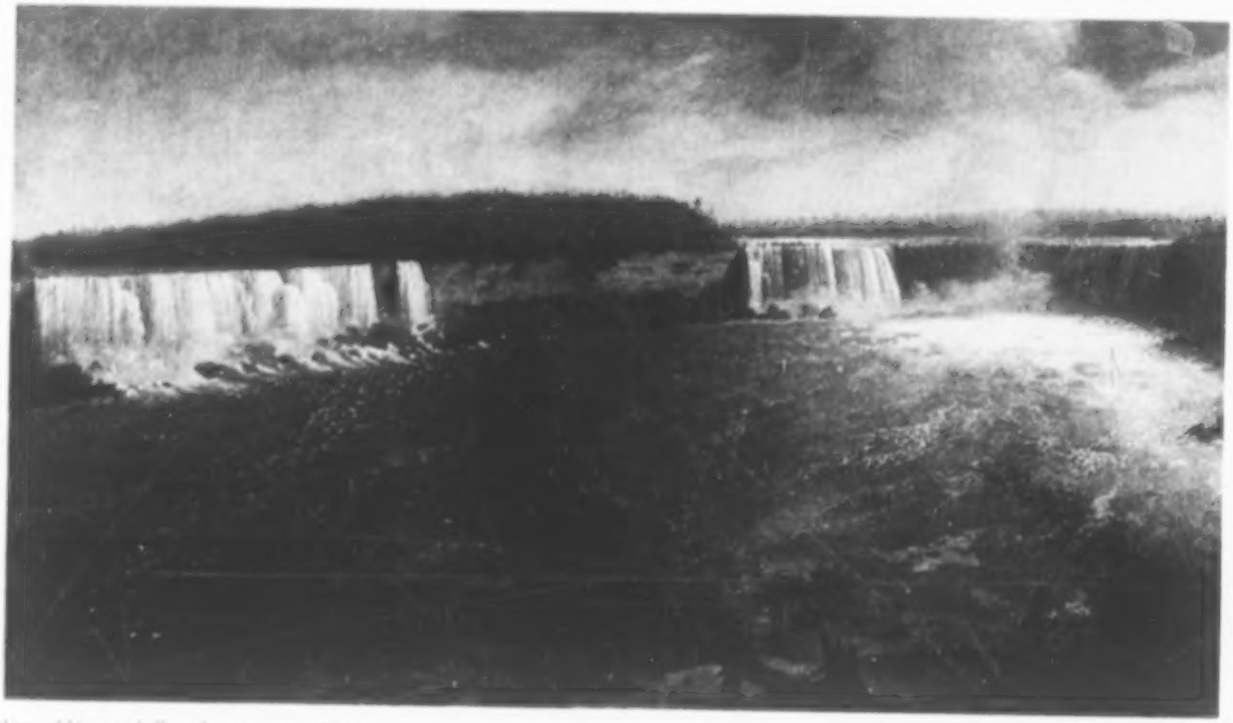
Health Insurance Reserve Receipts Account	Centralized Services Account	State Exposition Special Account	Correctional Services Commissaries Account	Earmarked Revenue Account	Mental Hygiene Revolving Account	Mental Health Sheltered Workshop Account
$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	4,916	—	—	446	—	—
73,634	178,821	5,100	17,746	441,625	1,810	2,623
73,634	183,737	5,100	17,746	442,071	1,810	2,623
—	—	—	—	469,700	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	870	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	17,654	—	—
—	44,347	1,075	—	1,729,383	703	1,495
—	113,158	3,533	18,937	429,625	934	782
—	—	—	—	—	—	—
22,301	11,451	33	—	73,327	188	—
—	—	—	—	—	—	—
22,301	168,956	4,641	18,937	2,720,559	1,825	2,277
51,333	14,781	459	(1,191)	(2,278,488)	(15)	346
—	—	—	—	2,502,228	—	—
—	(12,960)	—	—	(8,432)	—	—
—	(12,960)	—	—	2,493,796	—	—
51,333	1,821	459	(1,191)	215,308	(15)	346
—	(20,631)	4	3,318	448,055	72	926
$ 51,333	$ (18,810)	$ 463	$ 2,127	$ 663,363	$ 57	$ 1,272

General Fund—Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (cont'd)

Year Ended March 31, 1988
(Amounts in thousands)

	Mental Hygiene Community Stores Account	Supply Support System Revolving Account	Joint Labor-Management Administration Account	Health Insurance Revolving Account
REVENUES:				
Taxes:				
Personal income	$ —	$ —	$ —	$ —
General business	—	—	—	—
Consumption and use	—	—	—	—
Other	—	—	—	—
Federal grants	—	—	—	—
Miscellaneous	6,166	85,627	2,156	2,614
Total revenues	**6,166**	**85,627**	**2,156**	**2,614**
EXPENDITURES:				
Grants to local governments:				
Education	—	—	—	—
Social services	—	—	—	—
Non-categorical aid	—	—	—	—
Health and environment	—	—	—	—
Transportation	—	—	—	—
Mental hygiene	—	—	—	—
Criminal justice	—	—	—	—
Other programs	—	—	—	—
Operations of state departments and agencies:				
Personal service costs	1,652	15,968	1,639	4,417
Non-personal service costs	3,955	67,011	480	844
Pension contribution	—	—	—	—
Other fringe benefits	437	4,046	460	1,206
Debt service, including payments on financing arrangements	—	—	—	—
Total expenditures	**6,044**	**87,025**	**2,579**	**6,467**
Excess (deficiency) of revenues over expenditures	**122**	**(1,398)**	**(423)**	**(3,853)**
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	—	—	—	3,450
Operating transfers to other funds	—	—	—	—
Net other financing sources (uses)	—	—	—	**3,450**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	122	(1,398)	(423)	(403)
Fund balances (deficits) at April 1, 1987	2,285	1,684	—	(5,068)
Fund balances (deficits) at March 31, 1988	**$ 2,407**	**$ 286**	**$ (423)**	**$ (5,471)**

Correctional Industries Revolving Account	Industrial Exhibit Authority Account	CUNY Unrestricted Account	Miscellaneous	Eliminations	Total
$ —	$ —	$ —	$ —	$ —	$ 13,420,483
—	—	—	—	—	3,439,274
—	—	—	—	—	6,811,121
—	—	—	—	—	1,314,297
—	—	50	—	—	56,310
63,106	1,342	11,213	2,207	(305,013)	1,445,648
63,106	**1,342**	**11,263**	**2,207**	**(305,013)**	**26,487,133**
—	—	—	—	—	7,712,235
—	—	—	—	—	5,101,885
—	—	—	—	—	1,196,089
—	—	—	—	—	219,093
—	—	—	—	—	206,239
—	—	—	—	—	654,793
—	—	—	—	—	238,901
—	—	—	—	—	308,116
17,451	697	466,644	634	—	6,916,094
38,539	278	143,525	1,757	(305,013)	2,483,717
—	—	—	—	—	662,293
4,627	170	127,223	110	—	1,351,254
—	—	—	—	—	135,841
60,617	**1,145**	**737,392**	**2,501**	**(305,013)**	**27,186,550**
2,489	**197**	**(726,129)**	**(294)**	**—**	**(699,417)**
—	—	727,047	—	(18,506,132)	2,181,267
—	—	—	—	18,506,132	(1,623,001)
—	**—**	**727,047**	**—**	**—**	**558,266**
2,489	197	918	(294)	—	(141,151)
(11,554)	327	3,926	958	—	(3,279,220)
$ (9,065)	**$ 524**	**$ 4,844**	**$ 664**	**$ —**	**$ (3,420,371)**



View of Niagara Falls—oil on canvas, c. 1802

Collection: Albany Institute of History and Art

John Vanderlyn, born in Kingston in 1776, was one of the first American artists to study in Paris. He introduced the Neoclassical style of art to America. Aaron Burr was impressed by Vanderlyn and sponsored his efforts in obtaining artistic schooling in Paris. He was noted in the early 1800s for his paintings of Niagara Falls.

He returned to Europe and became quite popular. Upon his return to the United States he was disappointed in his attempts to secure Federal commissions. He built a large rotunda in New York City and established a gallery for the exhibition of his works. However, Vanderlyn made no profits from the project and he retired to Kingston, New York where he painted mainly to support himself.

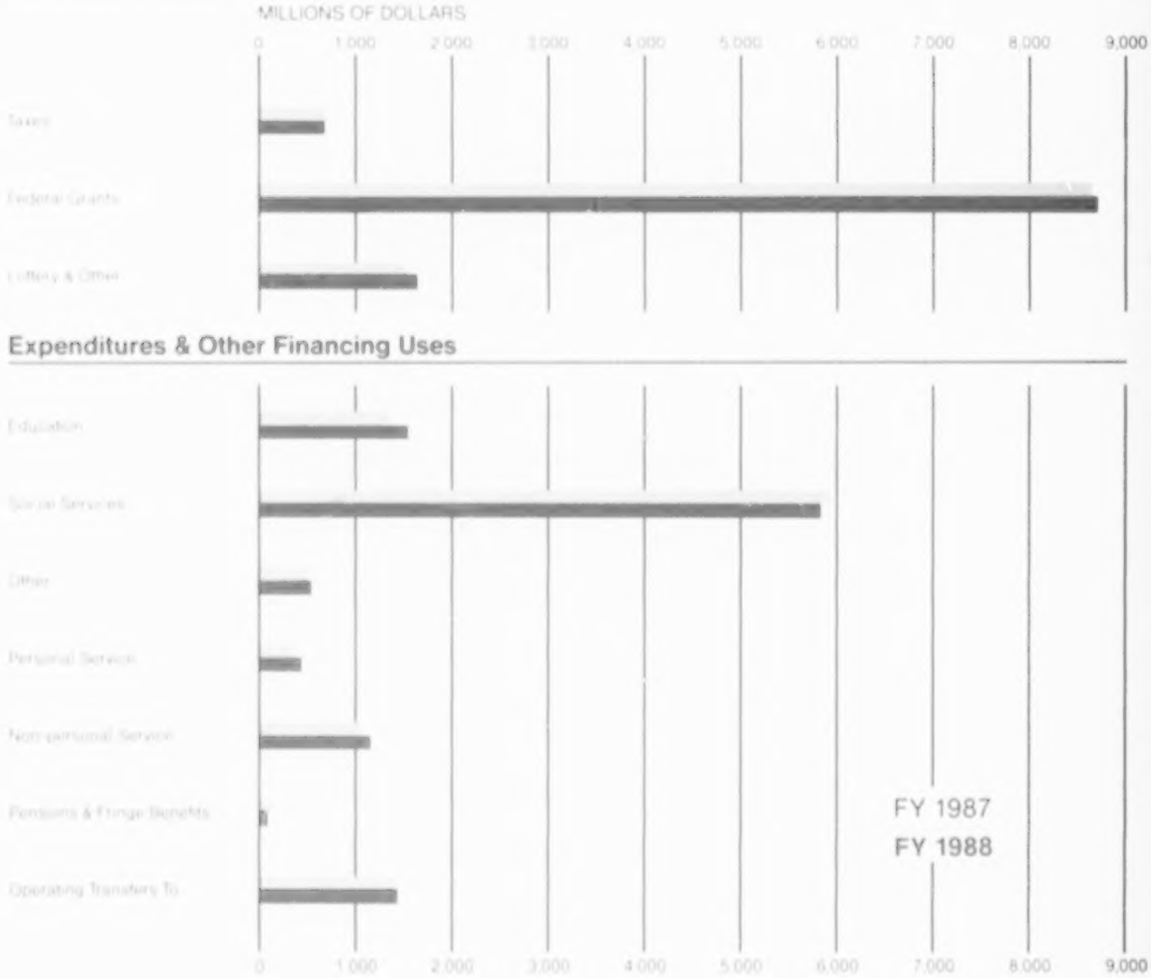
In 1832 he was granted a government commission to paint a full size portrait of George Washington and in 1842 he painted the "Landing of Columbus" for the Capitol rotunda.

Special Revenue Funds

Special Revenue Funds contain the largest number of individual funds, and cover a broad range of State operations (e.g., hunting and fishing licenses, special Federal grants, etc.). These funds derive their revenues largely from grants or user fees which are earmarked for specific types of expenditures, and from Federal funds received for certain State operations or for "pass-through" to local governments under State-administered Federal programs. Until fiscal 1982-83 these funds had been largely omitted from the budgetary and appropriation process.

SPECIAL REVENUE FUNDS

Revenues & Other Financing Sources



Special Revenue Funds— Combining Balance Sheet

March 31, 1988
(Amounts in thousands)

	NFTA Light Rail Rapid Transit	State Lottery	Miscellaneous Federal Agency	Federal USDA-FNS
ASSETS:				
Cash and investments	$ 711	$ 14,291	$ 1,762	$ —
Receivables, net of allowances for uncollectibles:				
Taxes	—	—	—	—
Due from Federal government	—	—	—	8,934
Other	—	18,157	—	—
Due from other funds	9	4	—	—
Other assets	—	—	—	—
Total assets	**$ 720**	**$ 32,452**	**$ 1,762**	**$ 8,934**
LIABILITIES:				
Tax refunds payable	$ —	$ —	$ —	$ —
Payable to local governments	—	—	—	—
Accounts payable	—	755	423	8,770
Accrued liabilities	—	239	—	—
Due to other funds	—	1,434	—	164
Deferred revenues	—	—	1,339	—
Total liabilities	**—**	**2,428**	**1,762**	**8,934**
EQUITY:				
Fund balances:				
Reserved for:				
Encumbrances	—	7,701	106	—
Unreserved	720	22,323	(106)	—
Total equity	**720**	**30,024**	**—**	**—**
Commitments and contingencies				
Total liabilities and equity	**$ 720**	**$ 32,452**	**$ 1,762**	**$ 8,934**

Federal DHHS	Federal DHHS Block Grant	Federal Operating Grants	Conservation	En Pr Co
$ [illegible]	$ [illegible]	$ 257,994	$ 7,472	$
[illegible]	[illegible]	110,535		
		47		
[illegible]	[illegible]	257	1,253	
	[illegible]			
$ 1,175,594	$ 70,239	$ 368,833	$ 8,725	$
$	$	$	$ —	$
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	8,434	648	
[illegible]	[illegible]	18,529	645	
[illegible]	[illegible]	12,039	1,045	
1,175,594	70,239	138,237	2,338	
[illegible]	[illegible]	85,763	542	
[illegible]	[illegible]	144,833	5,845	
—	—	230,596	6,387	
$ 1,175,594	$ 70,239	$ 368,833	$ 8,725	$

Conservation	Environmental Protection and Oil Spill Compensation	OSHA Training and Education Safety
$ 7,472	$ 8,671	$ 3,709
—	—	—
	—	—
	—	—
1,253	—	—
—	—	—
$ 8,725	$ 8,671	$ 3,709
$	$ —	$ —
	—	—
648	2,793	995
645	82	368
1,045	1,702	58
	—	—
2,338	4,577	1,421
542	3,115	1,896
5,845	979	392
6,387	4,094	2,288
$ 8,725	$ 8,671	$ 3,709

STATE OF NEW YORK

Special Revenue Funds— Combining Balance Sheet (cont

March 31, 1988
(Amounts in thousands)

ASSETS:
- Cash and investments
- Receivables, net of allowances for uncollectibles:
  - Taxes
  - Due from Federal government
  - Other
- Due from other funds
- Other assets

Total assets

LIABILITIES:
- Tax refunds payable
- Payable to local governments
- Accounts payable
- Accrued liabilities
- Due to other funds
- Deferred revenues

Total liabilities

EQUITY:
- Fund balances:
  - Reserved for:
    - Encumbrances
  - Unreserved

Total equity

Commitments and contingencies

Total liabilities and equity

s–
heet (cont'd)

	Clients Security	Hazardous Waste Remedial	Mass Transportation Operating Assistance	Unemployment Insurance Administration
	$ 4,390	$ 54,971	$ 451,681	$ 888
bles.	—	—	45,726	—
	—	—	—	16,393
	—	—	—	—
	—	1,509	117,224	1,110
	—	—	—	618
	$ 4,390	$ 56,480	$ 614,631	$ 19,009
	$ —	$ —	$ 5,385	$ —
	—	—	—	—
	1	1,938	98,643	3,338
	1	289	—	8,579
	33	919	—	7,092
	—	—	—	—
	35	3,146	104,028	19,009
	3	18,015	1,798	7,884
	4,352	35,319	508,805	(7,884)
	4,355	53,334	510,603	—
	$ 4,390	$ 56,480	$ 614,631	$ 19,009

Unemployment Insurance Interest and Penalty	Unemployment Insurance Occupational Training	Federal Job Training Partnership	Miscellaneous	Total
$ 739	$ —	$ 706	$ 5,485	$ 814,173
—	—	—	—	45,726
86	133	1,728	145	1,364,022
2	—	—	—	18,206
—	—	11	4	137,095
—	—	—	—	3,966
$ 827	$ 133	$ 2,445	$ 5,634	$ 2,383,188
$ —	$ —	$ —	$ —	$ 5,385
—	—	—	—	562,106
387	25	2,096	596	152,640
11	1	42	73	748,767
211	107	307	90	65,457
—	—	—	—	1,339
609	133	2,445	759	1,535,694
591	—	3,493	212	153,034
(373)	—	(3,493)	4,663	694,460
218	—	—	4,875	847,494
$ 827	$ 133	$ 2,445	$ 5,634	$ 2,383,188

Special Revenue Funds–Combining Statement of Revenu Expenditures and Changes in Fund Balances

Year Ended March 31, 1988
(Amounts in thousands)

REVENUES:
- Taxes:
  - General business
  - Consumption and use
- Federal grants
- Lottery
- Miscellaneous

Total revenues

EXPENDITURES:
- Grants to local governments:
  - Education
  - Social services
  - Health and environment
  - Mental hygiene
  - Criminal justice
  - Other programs
- Operation of state departments and agencies:
  - Personal service costs
  - Non-personal service costs
  - Pension contribution
  - Other fringe benefits

Total expenditures

Excess (deficiency) of revenues over expenditures

OTHER FINANCING SOURCES (USES):
- Operating transfers from other funds
- Operating transfers to other funds

Net other financing sources (uses)

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses

Fund balances (deficit) at April 1, 1987

Fund balances at March 31, 1988

s— of Revenues, anges

	NFTA Light Rail Rapid Transit	State Lottery	Miscellaneous Federal Agency	Federal USDA-FNS
	$ —	$ —	$ —	$ —
	—	—	—	—
	—	—	10,253	8,934
	—	1,497,343	—	—
	2,220	—	4	—
	2,220	1,497,343	10,257	8,934
	—	764,977	—	—
	—	—	—	8,426
	—	—	—	338
	—	—	—	—
	—	—	—	—
	—	—	9,816	—
	—	5,741	—	5
	—	776,635	441	164
	—	514	—	—
	—	1,037	—	1
	—	1,548,904	10,257	8,934
ures	2,220	(51,561)	—	—
	—	39,405	—	—
	(1,500)	—	—	—
	(1,500)	39,405	—	—
er	720	(12,156)	—	—
	—	42,180	—	—
	$ 720	$ 30,024	$ —	$ —

Federal DHHS	Federal DHHS Block Grant	Federal Operating Grants	Conservation	Environmental Protection and Oil Spill Compensation	OSHA Training and Education Safety
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—		—	—
7,098,538	587,933	651,674	19	—	—
—	—	—	—	—	—
—	—	15,694	28,624	17,227	4,940
7,098,538	587,933	667,368	28,643	17,227	4,940
488,511	21,753	242,041	—	—	—
5,365,310	390,357	102,844	—	—	—
5,335	23,683	122,060	—	—	—
555	47,467	—	—	—	—
—	—	7,472	—	—	—
49,674	51,512	49,489	—	—	—
114,829	23,922	55,210	15,664	2,194	270
179,491	21,811	63,078	5,762	9,254	3,898
6,832	2,082	3,845	1,402	—	—
15,503	4,724	8,725	2,830	624	58
6,226,040	587,311	654,764	25,658	12,072	4,226
872,498	622	12,604	2,985	5,155	714
—	—	—	—	—	—
(872,498)	(622)	(14,606)	—	(12,817)	—
(872,498)	(622)	(14,606)	—	(12,817)	—
—	—	(2,002)	2,985	(7,662)	714
—	—	232,598	3,402	11,756	1,574
$ —	$ —	$ 230,596	$ 6,387	$ 4,094	$ 2,288

Special Revenue Funds— Combining Statement of Revenues, Expenditures and Changes in Fund Balances (cont'd)

Year Ended March 31, 1988
(Amounts in thousands)

	Clients Security	Hazardous Waste Remedial	Mass Transportation Operating Assistance	Unemployment Insurance Administration
REVENUES:				
Taxes				
General business	$ —	$ —	$ 457,002	$ —
Consumption and use	—	—	215,677	—
Federal grants	—	—	—	197,726
Lottery	—	—	—	—
Miscellaneous	2,229	16,126	23,606	18,925
Total revenues	**2,229**	**16,126**	**696,285**	**216,651**
EXPENDITURES:				
Grants to local governments				
Education	—	—	—	—
Social services	—	—	—	—
Health and environment	—	—	—	—
Mental hygiene	—	—	—	—
Criminal justice	—	—	—	—
Other programs	—	—	—	—
Operation of state departments and agencies				
Personal service costs	157	6,122	—	143,249
Non-personal service costs	1,985	9,338	4	41,039
Pension contribution	—	543	—	12,063
Other fringe benefits	42	1,097	—	27,371
Total expenditures	**2,184**	**17,100**	**4**	**223,722**
Excess (deficiency) of revenues over expenditures	**45**	**(974)**	**696,281**	**(7,071)**
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	—	22,317	—	7,071
Operating transfers to other funds	—	(875)	(584,487)	—
Net other financing sources (uses)	**—**	**21,442**	**(584,487)**	**7,071**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	45	20,468	111,794	—
Fund balances (deficit) at April 1, 1987	4,310	32,866	398,809	—
Fund balances at March 31, 1988	$ 4,355	$ 53,334	$ 510,603	$ —

Unemployment Insurance Interest and Penalty	Unemployment Insurance Occupational Training	Federal Job Training Partnership	Miscellaneous	Eliminations	Total
$ —	$ —	$ —	$ —	$ —	$ 457,002
—	—	—	—	—	215,677
86	11,908	178,364	302	—	8,745,737
—	—	—	—	—	1,497,343
6,666	—	—	6,277	—	142,538
6,752	11,908	178,364	6,579	—	11,058,297
—	—	10,706	156	—	1,528,144
—	—	—	—	—	5,866,937
—	—	—	—	—	151,416
—	—	—	31	—	48,053
—	—	—	—	—	7,472
—	—	152,037	358	—	312,886
1,371	—	1,629	249	—	370,612
4,930	11,908	6,293	1,831	—	1,137,862
—	—	—	—	—	27,281
97	—	430	31	—	62,570
6,398	11,908	171,095	2,656	—	9,513,233
354	—	7,269	3,923	—	1,545,064
—	—	—	—	(19,888)	48,905
—	—	(7,269)	(1,430)	19,888	(1,476,216)
—	—	(7,269)	(1,430)	—	(1,427,311)
354	—	—	2,493	—	117,753
(136)	—	—	2,382	—	729,741
$ 218	$ —	$ —	$ 4,875	$ —	$ 847,494

Special Revenue Funds— Combining Statement of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual

Year Ended March 31, 1988
(Amounts in thousands)

	State Lottery			Federal DHHS		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ —	$ —	$ —	$ —	$ —	$ —
Miscellaneous	769,900	769,900	—	—	15,000	15,000
Federal grants	—	—	—	7,420,600	7,116,600	(304,000)
Total receipts	**769,900**	**769,900**	**—**	**7,420,600**	**7,131,600**	**(289,000)**
DISBURSEMENTS:						
Grants to local governments	753,100	753,100	—	6,187,400	5,922,000	265,400
Departmental operations	54,400	39,700	14,700	294,300	298,200	(3,900)
General state charges	1,500	1,500	—	41,300	28,300	13,000
Capital projects	—	—	—	—	—	—
Total disbursements	**809,000**	**794,300**	**14,700**	**6,523,000**	**6,248,500**	**274,500**
Receipts over (under) disbursements	**(39,100)**	**(24,400)**	**14,700**	**897,600**	**883,100**	**(14,500)**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	35,000	39,400	4,400	—	—	—
Transfers to other funds	(11,900)	(11,800)	100	(897,600)	(888,000)	9,600
Net other financing sources (uses)	**23,100**	**27,600**	**4,500**	**(897,600)**	**(888,000)**	**9,600**
Receipts and other financing sources over (under) disbursements and other financing uses	(16,000)	3,200	19,200	—	(4,900)	(4,900)
Fund balances at April 1, 1987	17,300	17,300	—	500	500	—
Fund balances (deficit) at March 31, 1988	**$ 1,300**	**$ 20,500**	**$ 19,200**	**$ 500**	**$ (4,400)**	**$ (4,900)**

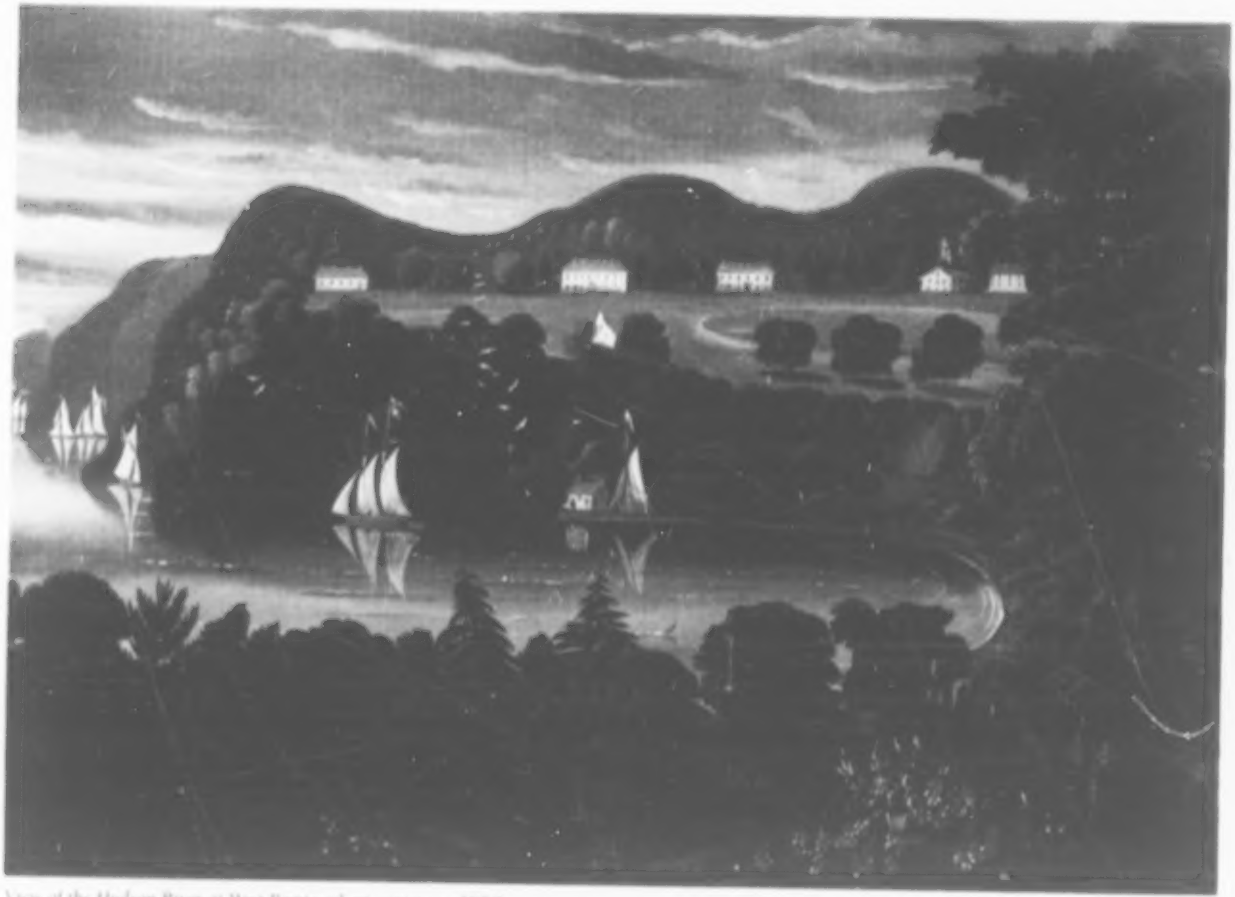
Federal DHHS Block Grant			Federal Operating Grants		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ —	$	$	$ —	$ —	$ —
			13,000	15,500	2,500
583,600	583,600	—	695,800	673,100	(22,700)
583,600	583,600	—	708,800	688,600	(20,200)
537,400	538,300	(900)	562,800	539,700	23,100
38,700	38,500	200	121,000	109,300	11,700
7,600	7,100	500	12,500	12,300	200
—	—			—	—
583,700	583,900	(200)	696,300	661,300	35,000
(100)	(300)	(200)	12,500	27,300	14,800
—	—		600	2,100	1,500
—	(300)	(300)	(14,600)	(20,300)	(5,700)
—	(300)	(300)	(14,000)	(18,200)	(4,200)
(100)	(600)	(500)	(1,500)	9,100	10,600
1,400	1,400	—	247,300	247,300	—
$ 1,300	$ 800	$ (500)	$ 245,800	$ 256,400	$ 10,600

Special Revenue Funds— Combining Statement of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual (cont'd)

Year Ended March 31, 1988
(Amounts in thousands)

	Mass Transportation Operating Assistance			Earmarked Revenue Account		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ 713,600	$ 704,800	$ (8,800)	$ —	$ —	$ —
Miscellaneous	21,400	22,100	700	1,161,800	1,122,100	(39,700)
Federal grants	—	—	—	19,000	3,200	(15,800)
Total receipts	735,000	726,900	(8,100)	1,180,800	1,125,300	(55,500)
DISBURSEMENTS:						
Grants to local governments	502,500	503,500	1,000	491,900	490,200	1,700
Departmental operations	—	100	100	2,249,600	2,154,800	94,800
General state charges	—	—	—	74,100	65,800	8,300
Capital projects	—	—	—	—	—	—
Total disbursements	502,500	503,600	1,100	2,815,600	2,710,800	104,800
Receipts over (under) disbursements	232,500	223,300	(9,200)	(1,634,800)	(1,585,500)	49,300
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	—	—	—	2,012,800	1,964,400	(48,400)
Transfers to other funds	(112,600)	(117,200)	(4,600)	(39,200)	(40,700)	(1,500)
Net other financing sources (uses)	(112,600)	(117,200)	(4,600)	1,973,600	1,923,700	(49,900)
Receipts and other financing sources over (under) disbursements and other financing uses	119,900	106,100	(13,800)	338,800	338,200	(600)
Fund balances at April 1, 1987	311,700	311,700	—	431,600	431,600	—
Fund balances (deficit) at March 31, 1988	$ 431,600	$ 417,800	$ (13,800)	$ 770,400	$ 769,800	$ (600)

Other			Eliminations		Total Special Revenue		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 2,200	$ 2,100	$ (100)	$ –	$ –	$ 715,800	$ 706,900	$ (8,900)
80,100	102,200	22,100			2,046,200	2,046,800	600
426,200	390,400	(35,800)			9,145,200	8,766,900	(378,300)
508,500	494,700	(13,800)	–	–	11,907,200	11,520,600	(386,600)
165,100	164,800	300			9,200,200	8,911,600	288,600
278,100	264,600	13,500			3,036,100	2,905,200	130,900
53,000	49,500	3,500			190,000	164,500	25,500
18,000	3,900	14,100			18,000	3,900	14,100
514,200	482,800	31,400	–	–	12,444,300	11,985,200	459,100
(5,700)	11,900	17,600	–	–	(537,100)	(464,600)	72,500
698,200	674,200	(24,000)	(52,100)	(58,700)	2,694,500	2,621,400	(73,100)
(20,100)	(21,800)	(1,700)	52,100	58,700	(1,043,900)	(1,041,400)	2,500
678,100	652,400	(25,700)	–	–	1,650,600	1,580,000	(70,600)
672,400	664,300	(8,100)	–	–	1,113,500	1,115,400	1,900
66,000	66,000	–	–	–	1,075,800	1,075,800	–
$ 738,400	$ 730,300	$ (8,100)	$ –	$ –	$ 2,189,300	$ 2,191,200	$ 1,900



View of the Hudson River at West Point—oil on canvas, c. 1850

Collection: Albany Institute of History and Art

Thomas Chambers was born in London in 1808 where he received training in art. He came to New York City in 1832 and became a United States citizen. He painted landscapes and seascapes during his time in New York City. Between 1843 and 1857 Chambers lived in Boston and Albany before settling again in New York City.

Chambers was basically a landscape artist as a result of his early training in his native England and he applied this format to scenes in the New York area. He became very interested in the Hudson River valley and was influenced in his work by such noted Hudson River School artists as Asher Brown Durand and Thomas Doughty.

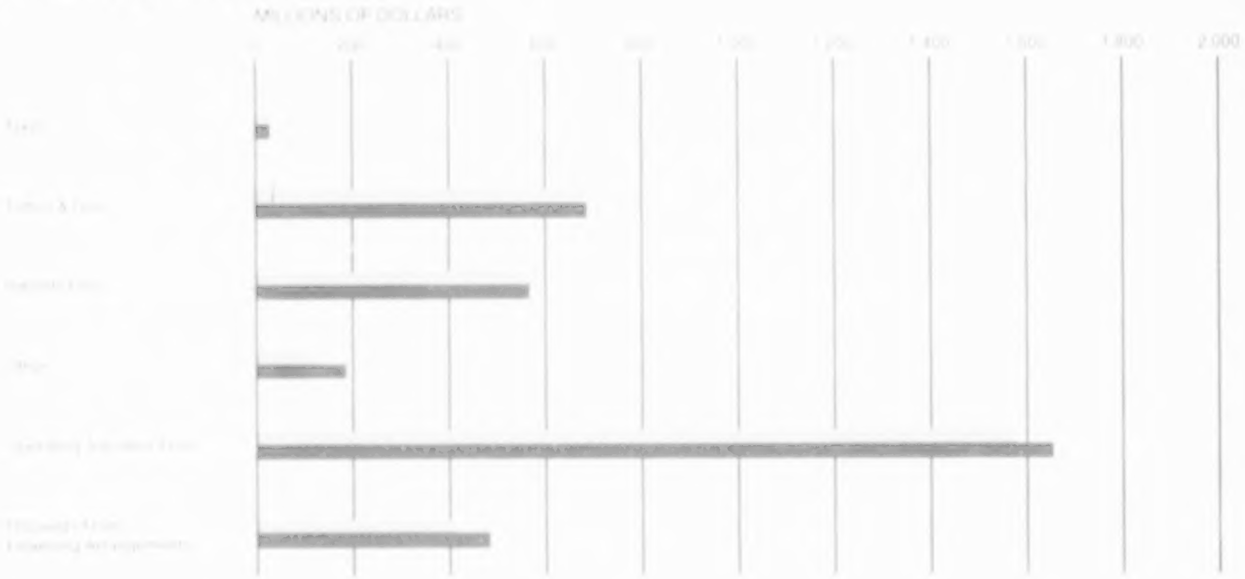
Chambers actively painted landscapes of the Hudson River area, with his last work being completed in 1863.

Debt Service Funds

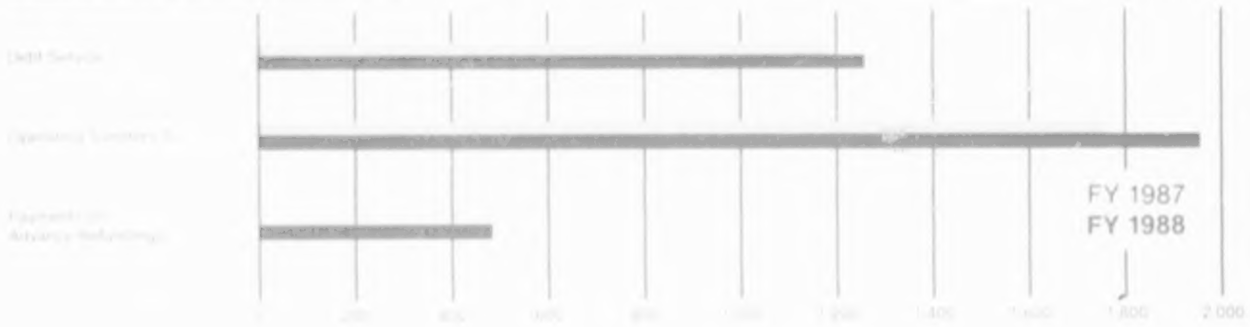
Debt Service Funds account for monies received for the purpose of paying principal and interest on State debt

DEBT SERVICE FUNDS

Revenues & Other Financing Sources



Expenditures & Other Financing Uses



Debt Service Funds— Combining Balance Sheet

March 31, 1988
(Amounts in thousands)

	Mental Health Facilities Improvement Fund Income Account	General Debt Service	Grade Crossing Elimination	State Housing Debt	Department of Health Income
ASSETS					
Cash and investments	$ 31,329	$ —	$ —	$ 504	$ 11,474
Receivables, net of allowances for uncollectibles:					
Other	120,218	—	939	118,841	18,963
Due from other funds	60	—	—	—	—
Total assets	**$ 151,607**	**$ —**	**$ 939**	**$ 119,345**	**$ 30,437**
LIABILITIES					
Accounts payable	$ —	$ —	$ —	$ —	$ —
Due to other funds	417	—	—	—	—
Deferred revenues	16,956	—	587	128,894	—
Total liabilities	**17,373**	**—**	**587**	**128,894**	**—**
EQUITY (DEFICIT):					
Fund balances (deficit):					
Reserved for:					
Debt service	21,542	—		—	—
Unreserved	112,692	—	352	(9,549)	30,437
Total equity (deficit)	**134,234**	**—**	**352**	**(9,549)**	**30,437**
Commitments and contingencies					
Total liabilities and equity (deficit)	**$ 151,607**	**$ —**	**$ 939**	**$ 119,345**	**$ 30,437**

Emergency Highway Reconditioning and Preservation	State University Dormitory Income	Emergency Highway Construction and Reconstruction	State University Income	City University Construction	State University Construction	Sole Custody	Total
$ 10,753	$ 27,848	$ —	$ 174,973	$ 7,756	$ 298,170	$ 470,348	$ 1,033,155
—	4,387	—	104,138	2	1,209	7,964	376,661
—	1,202	—	25,791	—	—	—	27,053
$ 10,753	$ 33,437	$ —	$ 304,902	$ 7,758	$ 299,379	$ 478,312	$ 1,436,869
$ —	$ —	$ —	$ 60	$ 4,076	$ —	$ —	$ 4,136
—	3,364	—	1,922	—	—	—	5,703
—	19,639	—	44,052	—	—	—	210,128
—	23,003	—	46,034	4,076	—	—	219,967
—	—	—	—	—	226,427	469,993	717,962
10,753	10,434	—	258,868	3,682	72,952	8,319	498,940
10,753	10,434	—	258,868	3,682	299,379	478,312	1,216,902
$ 10,753	$ 33,437	$ —	$ 304,902	$ 7,758	$ 299,379	$ 478,312	$ 1,436,869

Debt Service Funds—
Combining Statement of Revenues Expenditures and Changes in Fund Balances (Deficit)

Year Ended March 31, 1988
(Amounts in thousands)

	Mental Health Facilities Improvement Fund Income Account	General Debt Service	Grade Crossing Elimination	State Housing Debt	Department of Health Income
REVENUES:					
Consumption and use taxes	$	$ —	$ —	$ —	$ —
Federal grants	—		—	—	—
Tuition and fees	—	—	—	—	—
Patient fees	193,173	—	—	—	71,627
Miscellaneous	358	—	294	40,554	3,210
Total revenues	193,531	—	294	40,554	74,837
EXPENDITURES:					
Debt service, including payments on financing arrangements	25,130	883,146	829	42,644	7,299
Total expenditures	25,130	883,146	829	42,644	7,299
Excess (deficiency) of revenues over expenditures	168,401	(883,146)	(535)	(2,090)	67,538
OTHER FINANCING SOURCES (USES):					
Operating transfers from other funds	774,637	865,932	—	—	—
Operating transfers to other funds	(1,077,535)	—	(202)	—	(65,582)
Proceeds from financing arrangements, advance refundings	—	—	—	—	—
Payments on advance refundings	—	—	—	—	—
Net other financing sources (uses)	(302,898)	865,932	(202)	—	(65,582)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(134,497)	(17,214)	(737)	(2,090)	1,956
Fund balances (deficit) at April 1, 1987	268,731	17,214	1,089	(7,459)	28,481
Fund balances (deficit) at March 31, 1988	$ 134,234	$ —	$ 352	$ (9,549)	$ 30,437

Emergency Highway Reconditioning and Preservation	State University Dormitory Income	Emergency Highway Construction and Reconstruction	State University Income	City University Construction	State University Construction	Sole Custody	Eliminations	Total
$ 15,324	$	$ 15,324	$ —	$ —	$ —	$ —	$ —	$ 30,648
—	871	—	823	—	—	—	—	1,694
—	106,860	—	432,897	242,283	96,780	—	(190,222)	688,598
—	—	—	310,151	—	60,176	—	(64,646)	570,481
642	15,336	195	40,090	3,824	65,353	19,218	—	189,074
15,966	123,067	15,519	783,961	246,107	222,309	19,218	(254,868)	1,480,495
9,883	30,902	10,893	154,839	96,931	220,541	29,996	(254,868)	1,258,165
9,883	30,902	10,893	154,839	96,931	220,541	29,996	(254,868)	1,258,165
6,083	92,165	4,626	629,122	149,176	1,768	(10,778)	—	222,330
—	—	—	—	—	3,528	13,108	(5,586)	1,651,619
(6,083)	(89,973)	(4,627)	(556,528)	(150,836)	(6,519)	(2,058)	5,586	(1,954,357)
—	—	—	—	—	—	488,545	—	488,545
—	—	—	—	—	—	(488,545)	—	(488,545)
(6,083)	(89,973)	(4,627)	(556,528)	(150,836)	(2,991)	11,050	—	(302,738)
—	2,192	(1)	72,594	(1,660)	(1,223)	272	—	(80,408)
10,753	8,242	1	186,274	5,342	300,602	478,040	—	1,297,310
$ 10,753	$ 10,434	$ —	$ 258,868	$ 3,682	$ 299,379	$ 478,312	$ —	$ 1,216,902

Debt Service Funds— Combining Statement of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual

Year Ended March 31, 1988
(Amounts in thousands)

	Mental Health Facilities Improvement Fund Income Account			General Debt Service		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS						
Taxes	$ —	$ —	$ —	$ —	$ —	$ —
Miscellaneous	293,900	293,500	(400)	—	—	—
Federal grants	—	—	—	—	—	—
Total receipts	293,900	293,500	(400)	—	—	—
DISBURSEMENTS:						
Debt service	25,100	25,100	—	726,000	724,000	2,000
Total disbursements	25,100	25,100	—	726,000	724,000	2,000
Receipts over (under) disbursements	268,800	268,400	(400)	(726,000)	(724,000)	2,000
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	785,000	774,600	(10,400)	707,900	706,000	(1,900)
Transfers to other funds	(1,065,400)	(1,052,400)	13,000	—	—	—
Net other financing sources (uses)	(280,400)	(277,800)	2,600	707,900	706,000	(1,900)
Receipts and other financing sources over (under) disbursements and other financing uses	(11,600)	(9,400)	2,200	(18,100)	(18,000)	100
Fund balances at April 1, 1987	17,500	17,500	—	18,000	18,000	—
Fund balances at March 31, 1988	$ 5,900	$ 8,100	$ 2,200	$ (100)	$ —	$ 100

State University Income			Other			Total Debt Service		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ —	$ —	$ —	$ 30,000	$ 30,600	$ 600	$ 30,000	$ 30,600	$ 600
785,400	760,600	(24,800)	223,900	232,900	9,000	1,303,200	1,287,000	(16,200)
1,000	800	(200)	11,000	14,700	3,700	12,000	15,500	3,500
786,400	**761,400**	**(25,000)**	**264,900**	**278,200**	**13,300**	**1,345,200**	**1,333,100**	**(12,100)**
164,300	157,900	6,400	101,800	101,300	500	1,017,200	1,008,300	8,900
164,300	**157,900**	**6,400**	**101,800**	**101,300**	**500**	**1,017,200**	**1,008,300**	**8,900**
622,100	**603,500**	**(18,600)**	**163,100**	**176,900**	**13,800**	**328,000**	**324,800**	**(3,200)**
—	—	—	4,800	—	(4,800)	1,497,700	1,480,600	(17,100)
(609,200)	(558,400)	50,800	(164,100)	(166,500)	(2,400)	(1,838,700)	(1,777,300)	61,400
(609,200)	**(558,400)**	**50,800**	**(159,300)**	**(166,500)**	**(7,200)**	**(341,000)**	**(296,700)**	**44,300**
12,900	45,100	32,200	3,800	10,400	6,600	(13,000)	28,100	41,100
128,200	128,200	—	39,600	39,600	—	203,300	203,300	—
$ 141,100	**$ 173,300**	**$ 32,200**	**$ 43,400**	**$ 50,000**	**$ 6,600**	**$ 190,300**	**$ 231,400**	**$ 41,100**

Clermont Making a Landing at Cornwall—oil on canvas, dated 1910

Collection Albany Institute of History and Art

Edward Lamson Henry was born in Charleston, South Carolina on January 12, 1841. He studied art in New York, Pennsylvania, and Paris. After the Civil War, Henry became very successful and soon was named an associate of the National Academy of Design. He concentrated his efforts on painting genre scenes reflecting rural life in New York State.

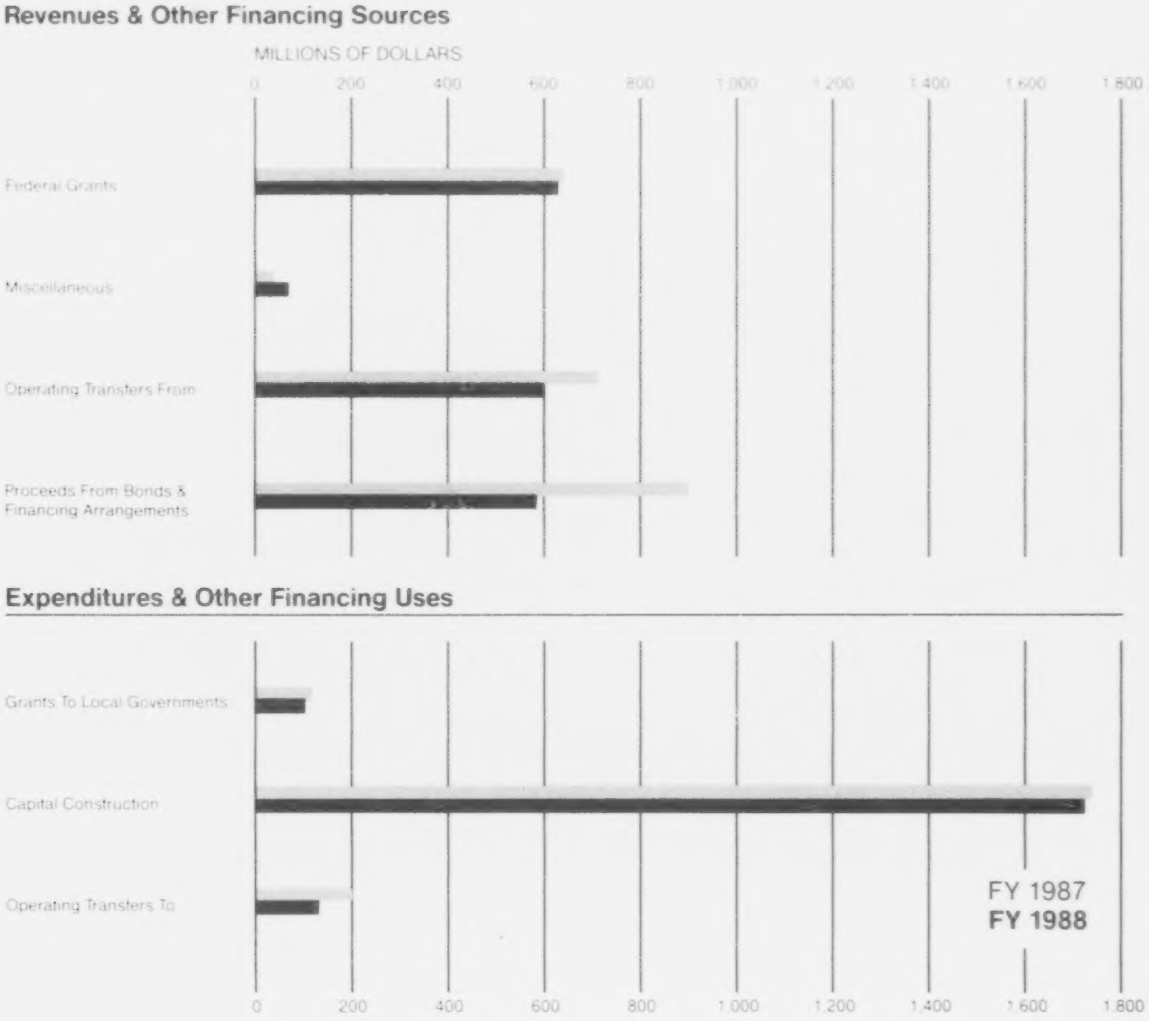
Henry bought land and built a home near Cragsmoor in southeastern New York. He lived in his new home during the summers and spent his winters in New York City.

Henry's paintings were much in demand in the New York area and he became a member of the American Watercolor Society, the Salmagundi Club and the Century Association.

Capital Projects Funds

Capital Projects Funds including bond funds are used to account for the handling of bond and bond anticipation note proceeds and other Federal and State revenues earmarked for capital expenditures. They are subject to appropriation and the budgetary process. The cost of contructing and reconstructing various capital facilities of the State including highways, parkways, grade crossings and certain institutions are made from Capital Projects Funds. Expenditures may be financed by current revenues or from the proceeds of the sale of bond anticipation notes, permanent bonds and other financing arrangements.

CAPITAL PROJECTS FUNDS



Capital Projects Funds— Combining Balance Sheet

March 31, 1988
(Amounts in thousands)

	State Capital Projects	Energy Conservation/ Improved Transportation Bond	Parks and Recreation Land Acquisition Bond	Pure Waters Bond	Outdoor Recreation Development Bond	Transportation Capital Facilities Bond	Environmental Quality Protection Bond
ASSETS:							
Cash and investments	$ 194,943	$ 23,017	$ 75	$ 310	$ —	$ 11,215	$ 38,541
Receivables, net of allowance for uncollectibles:							
Due from Federal government	—	—	—	—	—	—	—
Other	50,622	—	—	—	—	—	—
Due from other funds	589	—	—	—	—	—	—
Marketable securities held in lieu of retainage	54,613	—	—	—	—	—	—
Total assets	**$ 300,767**	**$ 23,017**	**$ 75**	**$ 310**	**$ —**	**$ 11,215**	**$ 38,541**
LIABILITIES:							
Accounts payable	$ 261,418	$ —	$ —	$ —	$ —	$ —	$ —
Accrued liabilities	405	—	—	—	—	—	—
Due to other funds	3,373	—	—	—	—	—	—
Deferred revenues	2,781	—	—	—	—	—	—
Notes payable	—	—	—	1,700	—	—	—
Total liabilities	**267,977**	**—**	**—**	**1,700**	**—**	**—**	**—**
EQUITY (DEFICIT):							
Fund balances (deficits):							
Reserved for:							
Encumbrances	1,401,351	—	626	—	—	—	—
Other specified purposes	45,959	—	—	—	—	—	—
Unreserved	(1,414,520)	23,017	(551)	(1,390)	—	11,215	38,541
Total equity (deficit)	**32,790**	**23,017**	**75**	**(1,390)**	**—**	**11,215**	**38,541**
Commitments and contingencies							
Total liabilities and equity (deficit)	**$ 300,767**	**$ 23,017**	**$ 75**	**$ 310**	**$ —**	**$ 11,215**	**$ 38,541**

Rail Preservation and Development Bond	State Housing Bond	Transportation Infrastructure Renewal Bond	Federal Capital Projects	Lake Champlain Bridge	Suburban Transportation	State University Capital Projects	Special Parkway Rehabilitation	Miscellaneous	Total
$ 11,758	$ —	$ 60,767	$ 477	$ 1,208	$ 15,168	$ 2,751	$ 27,585	$ 474	$ 388,289
—	—	—	111,018	—	—	—	—	—	111,018
—	—	—	—	—	—	—	—	—	50,622
—	—	—	227	—	—	—	—	—	816
—	—	—	—	—	—	—	—	—	54,613
$ 11,758	**$ —**	**$ 60,767**	**$ 111,722**	**$ 1,208**	**$ 15,168**	**$ 2,751**	**$ 27,585**	**$ 474**	**$ 605,358**
$ —	$ —	$ —	$ 68,880	$ —	$ —	$ 226	$ 610	$ —	$ 331,134
—	—	—	206	—	—	—	71	—	682
—	—	—	42,636	—	—	—	232	10	46,251
—	—	—	—	—	—	—	—	—	2,781
—	—	199,870	—	—	—	—	—	—	201,570
—	**—**	**199,870**	**111,722**	**—**	**—**	**226**	**913**	**10**	**582,418**
—	304	—	1,070,441	—	—	2,157	2,979	5	2,477,863
—	—	—	—	—	—	—	—	—	45,959
11,758	(304)	(139,103)	(1,070,441)	1,208	15,168	368	23,693	459	(2,500,882)
11,758	**—**	**(139,103)**	**—**	**1,208**	**15,168**	**2,525**	**26,672**	**464**	**22,940**
$ 11,758	**$ —**	**$ 60,767**	**$ 111,722**	**$ 1,208**	**$ 15,168**	**$ 2,751**	**$ 27,585**	**$ 474**	**$ 605,358**

Capital Projects Funds— Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Year Ended March 31, 1988
(Amounts in thousands)

	State Capital Projects	Energy Conservation/ Improved Transportation Bond	Parks and Recreation Land Acquisition Bond	Pure Waters Bond	Outdoor Recreation Development Bond	Transportation Capital Facilities Bond	Environmental Quality Protection Bond	Rail Preservation and Development Bond
REVENUES:								
Federal grants	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Miscellaneous	38,248	—	—	—	—	—	—	—
Total revenues	**38,248**	—	—	—	—	—	—	—
EXPENDITURES:								
Grants to local governments								
Education	3,584	—	—	—	—	—	—	—
Health and environment	60,723	—	—	—	—	—	—	—
Transportation	12,975	—	—	—	—	—	—	—
Mental hygiene	21,230	—	—	—	—	—	—	—
Other programs	4,808	—	—	—	—	—	—	—
Capital construction	1,088,057	—	—	—	—	—	—	—
Total expenditures	**1,191,377**	—	—	—	—	—	—	—
Excess (deficiency) of revenues over expenditures	**(1,153,129)**	—	—	—	—	—	—	—
Other financing sources (uses):								
Operating transfers from other funds	897,696	—	—	—	—	—	—	—
Operating transfers to other funds	(137,024)	(1,220)	—	(20,512)	(32)	(5,930)	(65,723)	(1,653)
Proceeds of general obligation bonds	—	—	—	16,800	—	—	24,800	—
Proceeds from financing arrangements/advance refundings	407,619	—	—	—	—	—	—	—
Net other financing sources (uses)	**1,168,291**	**(1,220)**	—	**(3,712)**	**(32)**	**(5,930)**	**(40,923)**	**(1,653)**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	15,162	(1,220)	—	(3,712)	(32)	(5,930)	(40,923)	(1,653)
Fund balances (deficits) at April 1, 1987	17,628	24,237	75	2,322	32	17,145	79,464	13,411
Fund balances (deficits) at March 31, 1988	**$ 32,790**	**$ 23,017**	**$ 75**	**$ (1,390)**	**$ —**	**$ 11,215**	**$ 38,541**	**$ 11,758**

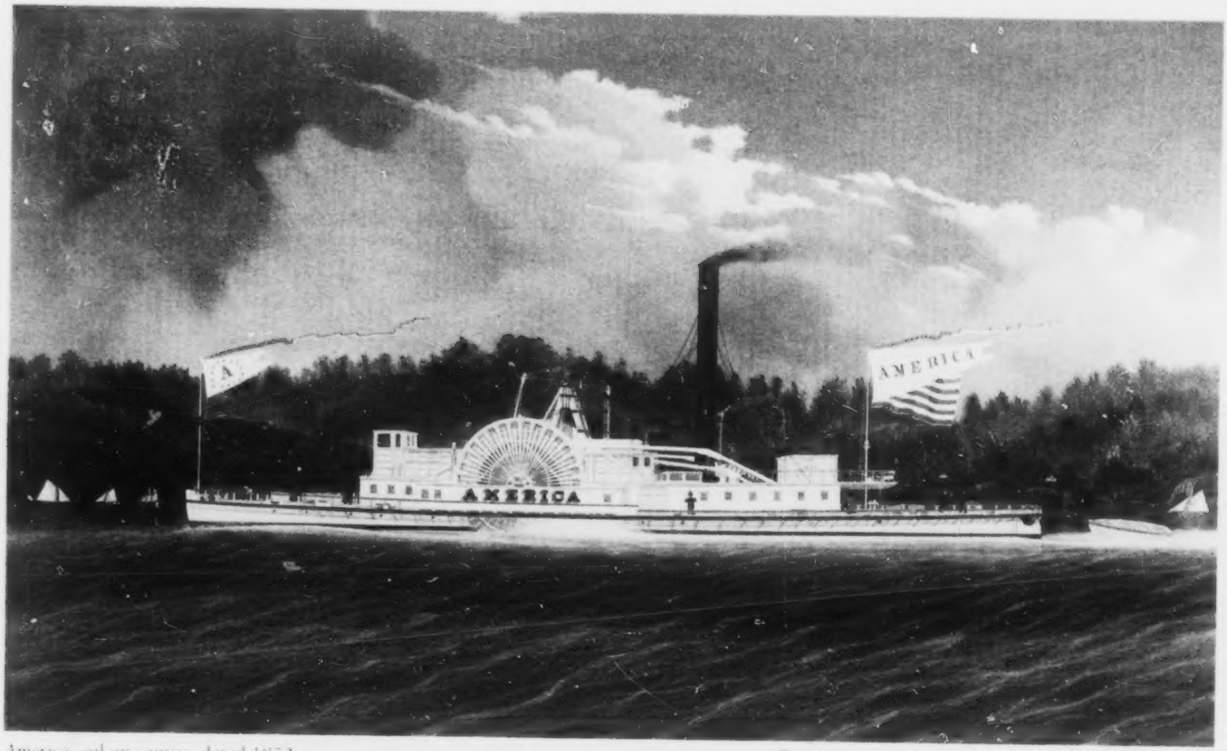
State Housing Bond	Transportation Infrastructure Renewal Bond	Federal Capital Projects	Lake Champlain Bridge	Suburban Transportation	State University Capital Projects	Special Parkway Rehabilitation	Miscellaneous	Eliminations	Total
$ —	$ —	$ 624,313	$	$ —	$ —	$ —	$ —	$ —	$ 624,313
—	—	17	1,208	15,168	1,892	11,529	225	—	68,287
—	—	624,330	1,208	15,168	1,892	11,529	225	—	692,600
—	—	—	—	—	—	—	—	—	3,584
—	—	—	—	—	—	—	—	—	60,723
—	—	—	—	—	—	—	—	—	12,975
—	—	—	—	—	—	—	—	—	21,230
—	—	790	—	—	—	—	—	—	5,598
43	—	623,540	—	—	2,164	6,456	92	—	1,720,352
43	—	624,330	—	—	2,164	6,456	92	—	1,824,462
(43)	—	—	1,208	15,168	(272)	5,073	133	—	(1,131,862)
—	—	—	—		—	5,500	—	(303,585)	599,611
—	(203,015)	—	—	—	—	—	—	303,585	(131,524)
200	138,200	—	—	—	—	—	—	—	180,000
—	—	—	—	—	—	—	—	—	407,619
200	(64,815)	—	—	—	—	5,500	—	—	1,055,706
157	(64,815)	—	1,208	15,168	(272)	10,573	133	—	(76,156)
(157)	(74,288)	—	—	—	2,797	16,099	331	—	99,096
$ —	$ (139,103)	$ —	$ 1,208	$ 15,168	$ 2,525	$ 26,672	$ 464	$ —	$ 22,940

Capital Projects Funds— Combining Statement of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual

Year Ended March 31, 1988
(Amounts in thousands)

	State Capital Projects			Federal Capital Projects		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Miscellaneous	$ 476,300	$ 433,900	$ (42,400)	$ —	$ —	$ —
Federal grants	—	—	—	650,700	602,900	(47,800)
Total receipts	**476,300**	**433,900**	**(42,400)**	**650,700**	**602,900**	**(47,800)**
DISBURSEMENTS:						
Departmental operations	—	—	—	—	—	—
General state charges	—	—	—	—	—	—
Capital projects	1,250,700	1,187,200	63,500	630,600	617,300	13,300
Total disbursements	**1,250,700**	**1,187,200**	**63,500**	**630,600**	**617,300**	**13,300**
Receipts over (under) disbursements	**(774,400)**	**(753,300)**	**21,100**	**20,100**	**(14,400)**	**(34,500)**
OTHER FINANCING SOURCES (USES):						
Bond proceeds, net	—	—	—	—	—	—
Transfers from other funds	768,900	747,700	(21,200)	2,400	36,100	33,700
Transfers to other funds	(5,500)	(5,500)	—	(22,500)	(22,500)	—
Net other financing sources (uses)	**763,400**	**742,200**	**(21,200)**	**(20,100)**	**13,600**	**33,700**
Receipts and other financing sources over (under) disbursements and other financing uses	(11,000)	(11,100)	(100)	—	(800)	(800)
Fund balances at April 1, 1987	11,100	11,100	—	1,300	1,300	—
Fund balances at March 31, 1988	**$ 100**	**$ —**	**$ (100)**	**$ 1,300**	**$ 500**	**$ (800)**

Other			Eliminations		Total Capital Projects		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 29,500	$ 30,100	$ 600	$ —	$ —	$ 505,800	$ 464,000	$ (41,800)
—	—	—	—	—	650,700	602,900	(47,800)
29,500	30,100	600	—	—	1,156,500	1,066,900	(89,600)
5,000	3,800	1,200	—	—	5,000	3,800	1,200
—	300	(300)	—	—	—	300	(300)
14,000	5,600	8,400	—	—	1,895,300	1,810,100	85,200
19,000	9,700	9,300	—	—	1,900,300	1,814,200	86,100
10,500	20,400	9,900	—	—	(743,800)	(747,300)	(3,500)
250,000	251,500	1,500	—	—	250,000	251,500	1,500
5,500	5,500	—	(351,100)	(303,600)	425,700	485,700	60,000
(345,600)	(298,100)	47,500	351,100	303,600	(22,500)	(22,500)	—
(90,100)	(41,100)	49,000	—	—	653,200	714,700	61,500
(79,600)	(20,700)	58,900	—	—	(90,600)	(32,600)	58,000
213,300	213,300	—	—	—	225,700	225,700	—
$ 133,700	$ 192,600	$ 58,900	$ —	$ —	$ 135,100	$ 193,100	$ 58,000



America—oil on canvas, dated 1852

Collection: Albany Institute of History and Art
Gift of C. W. Lyon

James Bard was born in New York City in 1815 and began to paint around 1830. Bard, working with his twin brother John, enjoyed life on the Hudson River and specialized in painting steamboats. At first the brothers jointly signed their work, but as time went on they each produced separate paintings.

John appears to have fallen upon hard times and ended up in the almshouse on Blackwell's Island, dying there on October 18, 1856. James continued to paint in New York City and developed a large following among the ship owners and builders in the area.

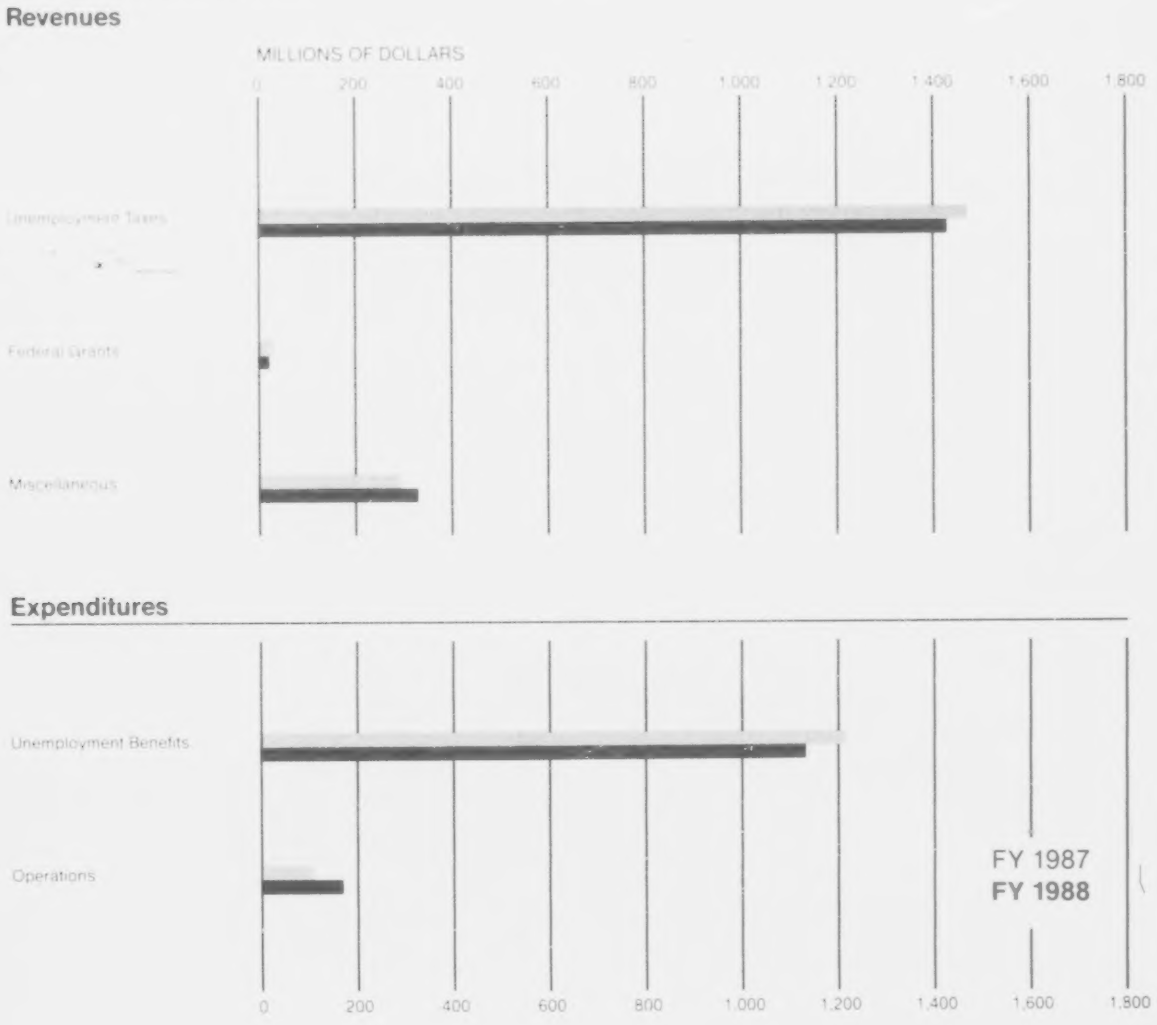
James painted his last work in 1892 after which he retired to White Plains. Together the Bards painted over four hundred works of art and were known for their intricate attention to detail.

Trust & Agency Funds

Trust and Agency Funds account for resources which are held in a fiduciary or agency capacity. They are not considered governmental operating funds for accounting and reporting purposes since their assets are not available for general State purposes. These funds are generally not subject to the appropriation and budgetary process.

In addition, there are numerous funds which are administered under the sole custody of individual State officials. These funds have been created outside the State Treasury by specific legislation or administrative action and are generally held in a fiduciary (trust or agency) capacity rather than as funds whose assets are available for general State operations. Among the funds not considered to be directly related to State governmental operations are the funds for the personal needs of patients and inmates at the State's Mental Hygiene, Correction and Health facilities.

TRUST & AGENCY FUNDS



Trust and Agency Funds— Combining Balance Sheet

March 31, 1988
(Amounts in thousands)

	Expendable Trust Funds				
	Mental Hygiene Gifts and Donations	Combined Expendable Trust	Unemployment Insurance Benefit Account	Sole Custody	Miscellaneous
ASSETS:					
Cash and investments	$ 782	$ 20,262	$ 2,529,014	$ 116,629	$ 1,070
Receivables, net of allowances for uncollectibles:					
Taxes	—	—	740,941	—	—
Due from Federal government	—	—	2	—	—
Other	—	—	77,316	2,291	—
Due from other funds	—	15	—	—	—
Total assets	**$ 782**	**$ 20,277**	**$ 3,347,273**	**$ 118,920**	**$ 1,070**
LIABILITIES:					
Payable to local governments	$ —	$ —	$ —	$ —	$ —
Accounts payable	28	909	—	—	2
Accrued liabilities	—	80	53,431	—	3
Due to other funds	—	151	—	—	8
Total liabilities	**28**	**1,140**	**53,431**	**—**	**13**
EQUITY:					
Fund balances:					
Reserved for:					
Unemployment benefits	—	—	3,293,842	—	—
Other specified purposes	754	19,137	—	118,920	1,057
Total equity	**754**	**19,137**	**3,293,842**	**118,920**	**1,057**
Commitments and contingencies					
Total liabilities and equity	**$ 782**	**$ 20,277**	**$ 3,347,273**	**$ 118,920**	**$ 1,070**

Nonexpendable Trust Funds

SUNY Student Loan	Combined Nonexpendable Trust Gifts/ Bequests	Winter Sports Education	Housing Development	CUNY Student Loan	CUNY Endowment	SUNY Endowment	Miscellaneous
$ 1,263	$ 3,241	$ 4,911	$ 2,380	$ 2,782	$ 44,101	$ 118,366	$ 214
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
102,784	—	—	—	23,751	86	—	—
1,232	—	—	—	—	—	—	—
$ 105,279	**$ 3,241**	**$ 4,911**	**$ 2,380**	**$ 26,533**	**$ 44,187**	**$ 118,366**	**$ 214**
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1,633	15	—	—	22	2	—	—
—	2	—	—	55	33	—	—
1	5	—	—	—	—	—	—
1,634	**22**	**—**	**—**	**77**	**35**	**—**	**—**
—	—	—	—	—	—	—	—
103,645	3,219	4,911	2,380	26,456	44,152	118,366	214
103,645	**3,219**	**4,911**	**2,380**	**26,456**	**44,152**	**118,366**	**214**
$ 105,279	**$ 3,241**	**$ 4,911**	**$ 2,380**	**$ 26,533**	**$ 44,187**	**$ 118,366**	**$ 214**

Trust and Agency Funds– Combining Balance Sheet (cont'd)

March 31, 1988
(Amounts in thousands)

	Agency						
	Employees Health Insurance	Social Security Contribution	NYS Employee Payroll Withholding	Management Confidential Group Insurance	Lottery Prize	Fringe Benefit Escrow	CUNY Senior College Operating
ASSETS:							
Cash and investments	$ 60,221	$ 445	$ 56,760	$ 2,298	$ 709,570	$ 6,718	$ 15,040
Receivables, net of allowances for uncollectibles							
Taxes	—	—	—	—	—	—	—
Due from Federal government	—	—	—	—	—	—	—
Other	—	—	—	—	431	—	—
Due from other funds	—	—	269	—	—	55,613	—
Total assets	**$ 60,221**	**$ 445**	**$ 57,029**	**$ 2,298**	**$ 710,001**	**$ 62,331**	**$ 15,040**
LIABILITIES:							
Payable to local governments	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Accounts payable	45,188	—	886	689	—	18	—
Accrued liabilities	15,033	445	56,143	1,609	710,001	45,746	14,396
Due to other funds	—	—	—	—	—	16,567	644
Total liabilities	**60,221**	**445**	**57,029**	**2,298**	**710,001**	**62,331**	**15,040**
EQUITY:							
Fund balances							
Reserved for							
Unemployment benefits	—	—	—	—	—	—	—
Other specified purposes	—	—	—	—	—	—	—
Total equity	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Commitments and contigencies							
Total liabilities and equity	**$ 60,221**	**$ 445**	**$ 57,029**	**$ 2,298**	**$ 710,001**	**$ 62,331**	**$ 15,040**

Funds

MMIS Statewide Escrow	SUNY Collection	Correctional Facilities Capital Projects	CUNY	Sole Custody	Miscellaneous	Total
$ 168,235	$ 31,880	$ 72,788	$ 2,923	$ 2,169,502	$ 222,712	$ 6,364,107
—	—	—	—	—	—	740,941
—	—	—	—	37,216	—	37,218
—	—	25	319	37,948	173	245,124
680	1,854	—	—	9,687	285	69,635
$ 168,915	$ 33,734	$ 72,813	$ 3,242	$ 2,254,353	$ 223,170	$ 7,457,025
$ —	$ —	$ 58,506	$ —	$ 1,135,279	$ —	$ 1,193,785
22,323	—	14,226	31	—	8,171	94,143
146,592	9,440	—	3,211	1,119,074	214,999	2,390,293
—	24,294	81	—	—	—	41,751
168,915	33,734	72,813	3,242	2,254,353	223,170	3,719,972
—	—	—	—	—	—	3,293,842
—	—	—	—	—	—	443,211
—	—	—	—	—	—	3,737,053
$ 168,915	$ 33,734	$ 72,813	$ 3,242	$ 2,254,353	$ 223,170	$ 7,457,025

Nonexpendable Trust Funds— Combining Statement of Revenues, Expenses and Changes in Fund Balances

Year Ended March 31, 1988
(Amounts in thousands)

	SUNY Student Loan	Combined Nonexpendable Trust Gifts/ Bequests	Winter Sports Education	Housing Development
OPERATING REVENUES:				
Miscellaneous	$ 3,462	$ 216	$ 290	$ 3,415
Total operating revenues	**3,462**	**216**	**290**	**3,415**
OPERATING EXPENSES:				
Operations	312	249	–	1,503
Total operating expenses	**312**	**249**	**–**	**1,503**
Operating income (loss)	**3,150**	**(33)**	**290**	**1,912**
NONOPERATING REVENUES:				
Non-State subsidies and grants	641	–	–	–
Total nonoperating revenues	**641**	**–**	**–**	**–**
Income (loss) before operating transfers	**3,791**	**(33)**	**290**	**1,912**
Operating transfers to other funds	**–**	**–**	**(450)**	**–**
Net income (loss)	3,791	(33)	(160)	1,912
Fund balances at April 1, 1987	99,854	3,252	5,071	468
Fund balances at March 31, 1988	**$ 103,645**	**$ 3,219**	**$ 4,911**	**$ 2,380**

CUNY Student Loan	CUNY Endowment	SUNY Endowment	Miscellaneous	Total
$ 2,818	$ 6,050	$ 32,631	$ 174	$ 49,056
2,818	**6,050**	**32,631**	**174**	**49,056**
970	442	42,698	99	46,273
970	**442**	**42,698**	**99**	**46,273**
1,848	**5,608**	**(10,067)**	**75**	**2,783**
–	–	–	–	641
–	**–**	**–**	**–**	**641**
1,848	**5,608**	**(10,067)**	**75**	**3,424**
–	**–**	**–**	**–**	**(450)**
1,848	5,608	(10,067)	75	2,974
24,608	38,544	128,433	139	300,369
$ 26,456	**$ 44,152**	**$ 118,366**	**$ 214**	**$ 303,343**

Nonexpendable Trust Funds—Combining Statement of Changes in Financial Position

Year Ended March 31, 1988
(Amounts in thousands)

	SUNY Student Loan	Combined Nonexpendable Trust Gifts/ Bequests	Winter Sports Education	Housing Development
SOURCES OF CASH AND INVESTMENTS:				
Operations				
Net income (loss)	$ 3,791	$ (33)	$ (160)	$ 1,912
Total source of cash and investments from operations	**3,791**	**(33)**	**(160)**	**1,912**
Increase in accounts payable	453	—	—	—
Increase in accrued liabilities	1	—	—	—
Decrease in other receivables	—	17	26	3
Total cash and investments provided	**4,245**	**(16)**	**(134)**	**1,915**
USES OF CASH AND INVESTMENTS:				
Decrease in accounts payable	—	54	—	155
Increase in other receivables	4,678	—	—	—
Increase in due from other funds	910	—	—	—
Other	3	5	—	—
Total cash and investments used	**5,591**	**59**	**—**	**155**
Net increase (decrease) in cash and investments	(1,346)	(75)	(134)	1,760
Cash and investments at beginning of year	2,609	3,316	5,045	620
Cash and investments at end of year	**$ 1,263**	**$ 3,241**	**$ 4,911**	**$ 2,380**

CUNY Student Loan	CUNY Endowment	SUNY Endowment	Miscellaneous	Total
$ 1,848	$ 5,608	$ (10,067)	$ 75	$ 2,974
1,848	**5,608**	**(10,067)**	**75**	**2,974**
19	2	—	—	474
—	33	—	—	34
—	67	—	—	113
1,867	**5,710**	**(10,067)**	**75**	**3,595**
—	—	—	14	223
1,088	—	—	—	5,766
—	—	—	—	910
—	—	—	—	8
1,088	**—**	**—**	**14**	**6,907**
779	5,710	(10,067)	61	(3,312)
2,003	38,391	128,433	153	180,570
$ 2,782	**$ 44,101**	**$ 118,366**	**$ 214**	**$ 177,258**

Expendable Trust Funds— Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended March 31, 1988
(Amounts in thousands)

	Mental Hygiene Gifts and Donations	Combined Expendable Trust	Unemployment Insurance Benefit Account	Sole Custody	Miscellaneous	Total
REVENUES:						
Unemployment taxes	$ —	$ —	$ 1,427,825	$ —	$ —	$ 1,427,825
Federal grants	—	647	15,391	—	—	16,038
Miscellaneous	268	12,224	225,618	39,831	1,405	279,346
Total revenues	**268**	**12,871**	**1,668,834**	**39,831**	**1,405**	**1,723,209**
EXPENDITURES:						
Grants to local governments—other programs	—	2,731	—	—	—	2,731
Operation of state departments and agencies:						
Personal service costs	—	2,202	—	—	118	2,320
Non-personal service costs	487	8,640	—	100,506	997	110,630
Other fringe benefits	—	537	—	—	33	570
Unemployment benefits	—	—	1,124,871	—	—	1,124,871
Total expenditures	**487**	**14,110**	**1,124,871**	**100,506**	**1,148**	**1,241,122**
Excess (deficiency) of revenues over expenditures	(219)	(1,239)	543,963	(60,675)	257	482,087
Fund balances at April 1, 1987	973	20,376	2,749,879	179,595	800	2,951,623
Fund balances at March 31, 1988	**$ 754**	**$ 19,137**	**$ 3,293,842**	**$ 118,920**	**$ 1,057**	**$ 3,433,710**

Trust and Agency Funds— Combining Statement of Changes in Assets and Liabilities—All Agency Funds

March 31, 1988
(Amounts in thousands)

Employees Health Insurance

	Balance April 1, 1987	Additions	Deductions	Balance March 31, 1988
ASSETS:				
Cash and investments	$ 104,818	$ 1,087,685	$ 1,132,282	$ 60,221
Receivables, net of allowances for uncollectibles				
Other	437	260	697	—
Due from other funds	3,540	38,874	42,414	—
Total assets	**$ 108,795**	**$ 1,126,819**	**$ 1,175,393**	**$ 60,221**
LIABILITIES:				
Accounts payable	$ 18,278	$ 1,130,626	$ 1,103,716	$ 45,188
Accrued liabilities	56,207	1,136,521	1,177,695	15,033
Due to other funds	—	10,060	10,060	—
Deferred revenues	34,310	—	34,310	—
Total liabilites	**$ 108,795**	**$ 2,277,207**	**$ 2,325,781**	**$ 60,221**

NYS Employee Payroll Withholding

	Balance April 1, 1987	Additions	Deductions	Balance March 31, 1988
ASSETS:				
Cash and investments	$ 26,877	$ 3,111,835	$ 3,081,952	$ 56,760
Receivables, net of allowances for uncollectibles				
Other	1	1	2	—
Due from other funds	265	5,157	5,153	269
Total assets	**$ 27,143**	**$ 3,116,993**	**$ 3,087,107**	**$ 57,029**
LIABILITIES:				
Accounts payable	$ 488	$ 3,140,949	$ 3,140,551	$ 886
Accrued liabilities	26,651	3,177,399	3,147,907	56,143
Due to other funds	4	—	4	—
Total liabilites	**$ 27,143**	**$ 6,318,348**	**$ 6,288,462**	**$ 57,029**

Trust and Agency Funds— Combining Statement of Changes in Assets and Liabilities—All Agency Funds (cont'd)

March 31, 1988
(Amounts in thousands)

	Balance April 1, 1987	Additions	Deductions	Balance March 31, 1988
Lottery Prize				
ASSETS:				
Cash and investments	$ 570,592	$ 930,010	$ 791,032	$ 709,570
Receivables, net of allowances for uncollectibles				
Other	966	1,086	1,621	431
Due from other funds	—	7,055	7,055	—
Total assets	**$ 571,558**	**$ 938,151**	**$ 799,708**	**$ 710,001**
LIABILITIES:				
Accounts payable	$ —	$ 245,757	$ 245,757	$ —
Accrued liabilities	571,558	926,796	788,353	710,001
Due to other funds	—	56,975	56,975	—
Total liabilites	**$ 571,558**	**$ 1,229,528**	**$ 1,091,085**	**$ 710,001**
Fringe Benefit Escrow				
ASSETS:				
Cash and investments	$ 15,397	$ 286,489	$ 295,168	$ 6,718
Due from other funds	57,083	312,315	313,785	55,613
Total assets	**$ 72,480**	**$ 598,804**	**$ 608,953**	**$ 62,331**
LIABILITIES:				
Accounts payable	$ 2,303	$ 199,005	$ 201,290	$ 18
Accrued liabilities	53,067	324,078	331,399	45,746
Due to other funds	17,110	152,503	153,046	16,567
Total liabilites	**$ 72,480**	**$ 675,586**	**$ 685,735**	**$ 62,331**

Trust and Agency Funds— Combining Statement of Changes in Assets and Liabilities—All Agency Funds (cont'd)

March 31, 1988
(Amounts in thousands)

MMIS Statewide Escrow

	Balance April 1, 1987	Additions	Deductions	Balance March 31, 1988
ASSETS:				
Cash and investments	$ 88,966	$ 9,351,012	$ 9,271,743	$ 168,235
Receivables, net of allowances for uncollectibles:				
Other	556	1,496	2,052	—
Due from other funds	1	1,211,088	1,210,409	680
Total assets	**$ 89,523**	**$ 10,563,596**	**$ 10,484,204**	**$ 168,915**
LIABILITIES:				
Accounts payable	$ 29,708	$ 8,688,150	$ 8,695,535	$ 22,323
Accrued liabilities	59,815	9,169,816	9,083,039	146,592
Due to other funds	—	130,563	130,563	—
Total liabilites	**$ 89,523**	**$ 17,988,529**	**$ 17,909,137**	**$ 168,915**

Miscellaneous

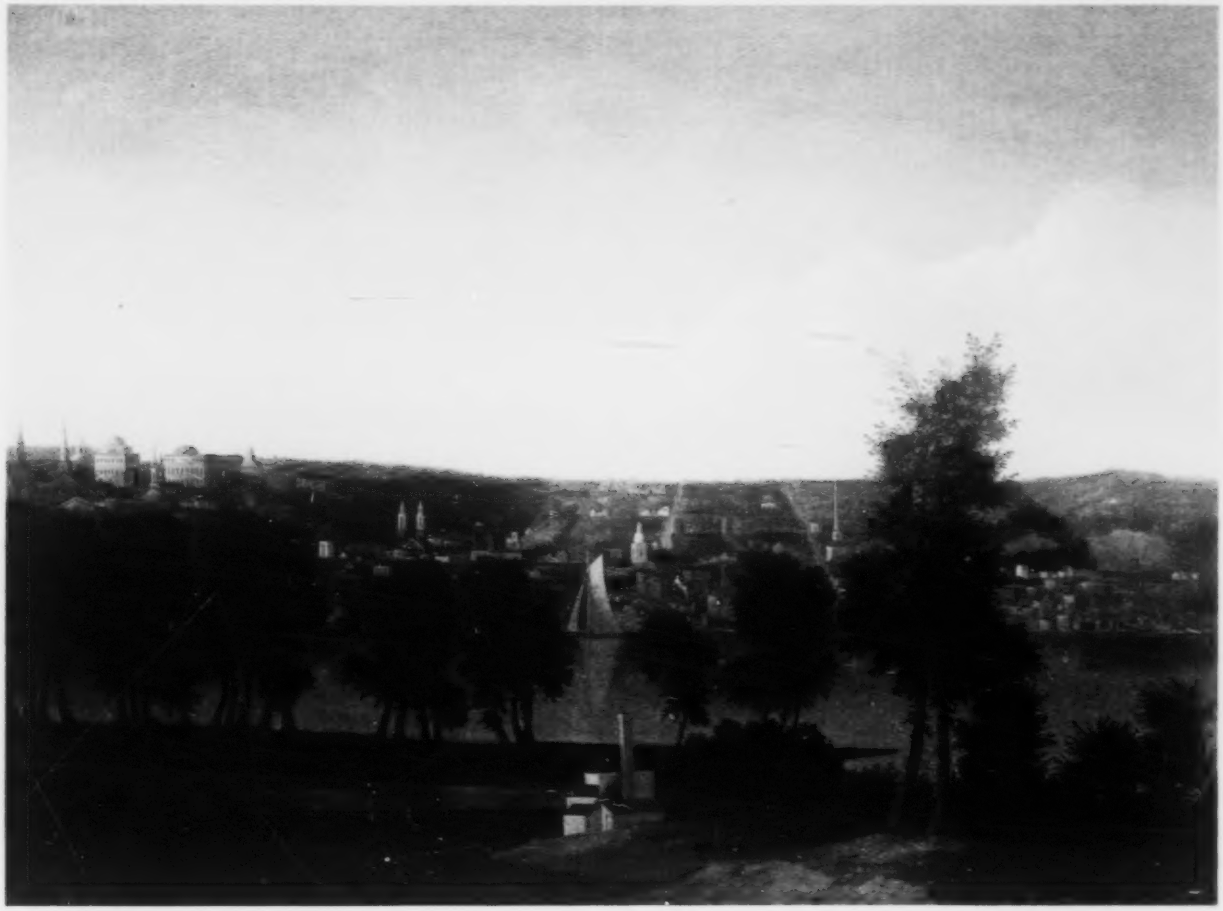
	Balance April 1, 1987	Additions	Deductions	Balance March 31, 1988
ASSETS:				
Cash and investments	$ 2,142,664	$ 8,028,303	$ 7,653,379	$ 2,517,588
Receivables, net of allowances for uncollectibles:				
Due from Federal government	47,872	37,216	47,872	37,216
Other	38,843	39,564	39,942	38,465
Due from other funds	11,752	123,287	123,213	11,826
Total assets	**$ 2,241,131**	**$ 8,228,370**	**$ 7,864,406**	**$ 2,605,095**
LIABILITIES:				
Payable to local governments	$ 1,198,793	$ 1,462,079	$ 1,467,087	$ 1,193,785
Accounts payable	24,491	2,741,855	2,743,229	23,117
Accrued liabilities	997,387	2,925,375	2,559,588	1,363,174
Due to other funds	20,460	565,293	560,734	25,019
Total liabilites	**$ 2,241,131**	**$ 7,694,602**	**$ 7,330,638**	**$ 2,605,095**

Trust and Agency Funds— Combining Statement of Changes in Assets and Liabilities—All Agency Funds (cont'd)

March 31, 1988
(Amounts in thousands)

Total Assets and Liabilities— All Agency Funds

	Balance April 1, 1987	Additions	Deductions	Balance March 31, 1988
ASSETS:				
Cash and investments	$ 2,949,314	$ 22,795,334	$ 22,225,556	$ 3,519,092
Receivables, net of allowances for uncollectibles:				
Due from Federal government	47,872	37,216	47,872	37,216
Other	40,803	42,407	44,314	38,896
Due from other funds	72,641	1,697,776	1,702,029	68,388
Total assets	**$ 3,110,630**	**$ 24,572,733**	**$ 24,019,771**	**$ 3,663,592**
LIABILITIES:				
Payable to local governments	$ 1,198,793	$ 1,462,079	$ 1,467,087	$ 1,193,785
Accounts payable	75,268	16,146,342	16,130,078	91,532
Accrued liabilities	1,764,685	17,659,985	17,087,981	2,336,689
Due to other funds	37,574	858,419	854,407	41,586
Deferred revenues	34,310	—	34,310	—
Total liabilites	**$ 3,110,630**	**$ 36,126,825**	**$ 35,573,863**	**$ 3,663,592**



Albany, from the East Side—oil on canvas, dated 1846

Collection Albany Institute of History and Art
Gift of the Vosburgh Estate

William Hart was born in Scotland in March 31, 1823. His parents came to the United States in 1831 and settled in Albany. At the age of fourteen Hart was working for a coach and ornamental painter in Troy, New York. He became very interested in landscape painting and set up a small studio in his father's woodshed.

He first painted portraits and found that this was a very good way to support himself. In 1844 he began to paint landscapes in earnest and he held exhibitions in New York City. He went to England in 1849 and returned to New York City in 1852, occupying a studio on Tenth Street.

Hart became well known for his landscapes of the Hudson River valley and was elected to membership in the National Academy of Design in 1858. He served as president of the American Society of Water-Colorists.

Public Benefit Corporations

Public benefit corporations (corporations) are legally separate entities that are not operating departments of the State. The corporations are managed independently, outside the appropriated budget process and their powers generally are vested in a governing board. Corporations are established for a variety of purposes for the benefit of the State's citizenry such as economic development, financing and public transportation. They are not subject to State constitutional restrictions on the incurrence of debt, which apply to the State itself, and may issue bonds and notes within legislatively authorized amounts. The Governor, with the approval of the State Senate, appoints most members of the Board of most corporations and either the Governor or the board selects the Chairman and chief operating officer.

Public Benefit Corporations— Combining Balance Sheet

March 31, 1988
(Amounts in thousands)

	Power Authority	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority	Housing Finance Agency
ASSETS:					
Cash and investments	$ 2,294,515	$ 221,236	$ 2,273,895	$ 2,510,710	$ 1,105,099
Receivables, net of allowances for uncollectibles:					
Due from Federal government	—	—	—	—	—
Loans and leases	—	—	—	3,322,544	4,704,274
Other	92,617	48,798	1,365,214	114,451	170,915
Fixed assets	3,218,217	1,059,484	6,816,668	5,056	—
Other assets	127,454	7,902	554,977	15,496	—
Total assets	**$ 5,732,803**	**$ 1,337,420**	**$ 11,010,754**	**$ 5,968,257**	**$ 5,980,288**
LIABILITIES:					
Pension contributions payable	$ —	$ 13,952	$ 1,524,864	$ 1,532	$ —
Accounts payable	—	—	201,762	—	—
Accrued liabilities	143,897	63,337	848,472	190,482	411,866
Deferred revenues	132,054	347	49,547	6,978	27,642
Notes payable	561,250	—	—	86,687	—
Bonds payable	3,249,307	337,595	4,386,303	5,589,478	5,095,089
Other long-term liabilities	153,479	—	279,455	—	196,539
Total liabilities	**4,239,987**	**415,231**	**7,290,403**	**5,875,157**	**5,731,136**
EQUITY (DEFICIT):					
Contributed capital	—	102,890	3,320,685	—	—
Retained earnings	1,492,816	819,299	399,666	93,100	249,152
Total equity (deficit)	**1,492,816**	**922,189**	**3,720,351**	**93,100**	**249,152**
Commitments and contingencies					
Total liabilities and equity (deficit)	**$ 5,732,803**	**$ 1,337,420**	**$ 11,010,754**	**$ 5,968,257**	**$ 5,980,288**

Urban Development Corporation	State Insurance Fund	SONY Mortgage Agency	Medical Care Facilities Finance Agency	Other Entities	Total	Eliminations	Total Public Benefit Corporations
$ 498,198	$ 2,527,361	$ 975,130	$ 1,612,427	$ 586,424	$ 14,604,995	$ 1,622,690	$ 12,982,305
—	—	—	—	83	83	—	83
1,517,214	—	1,413,872	2,697,670	716,079	14,371,653	3,651,058	10,720,595
94,884	116,580	17,261	37,356	352,983	2,411,059	975,937	1,435,122
1,464	7,175	—	—	1,114,131	12,222,195	—	12,222,195
18,622	1,042	58,094	—	40,490	824,077	—	824,077
$ 2,130,382	**$ 2,652,158**	**$ 2,464,357**	**$ 4,347,453**	**$ 2,810,190**	**$ 44,434,062**	**$ 6,249,685**	**$ 38,184,377**
$ —	$ —	$ —	$ —	$ 9,106	$ 1,549,454	$ —	$ 1,549,454
—	—	—	1,207	12,828	215,797	—	215,797
42,799	2,405,722	30,336	210,941	197,319	4,545,171	179	4,544,992
25,280	188,110	—	14,481	68,803	513,242	—	513,242
139,505	—	—	—	44,765	832,207	139,505	692,702
1,609,048	—	2,201,999	3,962,741	1,137,104	27,568,664	6,026,848	21,541,816
481,294	—	—	1,000	158,305	1,270,072	83,153	1,186,919
2,297,926	**2,593,832**	**2,232,335**	**4,190,370**	**1,628,230**	**36,494,607**	**6,249,685**	**30,244,922**
—	—	—	—	734,963	4,158,538	—	4,158,538
(167,544)	58,326	232,022	157,083	446,997	3,780,917	—	3,780,917
(167,544)	**58,326**	**232,022**	**157,083**	**1,181,960**	**7,939,455**	**—**	**7,939,455**
$ 2,130,382	**$ 2,652,158**	**$ 2,464,357**	**$ 4,347,453**	**$ 2,810,190**	**$ 44,434,062**	**$ 6,249,685**	**$ 38,184,377**

Public Benefit Corporations— Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)

March 31, 1988
(Amounts in thousands)

	Power Authority	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority	Housing Finance Agency
OPERATING REVENUES:					
Charges for services	$ 1,139,702	$ 206,680	$ 2,510,252	$ 21,059	$ 9,395
Financing income	—	—	—	391,065	368,441
Investment earnings	—	—	—	85,964	38,272
Miscellaneous	1,007	13,444	102,747	19,998	1,045
Total operating revenues	**1,140,709**	**220,124**	**2,612,999**	**518,086**	**417,153**
OPERATING EXPENSES:					
Operations	835,172	180,085	4,098,545	100,663	12,570
Depreciation and amortization	143,349	—	225,358	1,595	—
Interest	—	—	—	434,683	387,951
Total operating expenses	**978,521**	**180,085**	**4,323,903**	**536,941**	**400,521**
Operating income (loss)	**162,188**	**40,039**	**(1,710,904)**	**(18,855)**	**16,632**
NONOPERATING REVENUES (EXPENSES):					
Non-State subsidies and grants	—	—	1,325,286	—	—
Interest revenues	83,832	15,785	48,664	—	—
Interest expenses	(193,142)	(10,792)	(172,972)	—	—
Other, net	5,657	(9,691)	(55,667)	(38,566)	1,864
Total nonoperating revenues (expenses)	**(103,653)**	**(4,698)**	**1,145,311**	**(38,566)**	**1,864**
Income (loss) before operating transfers	58,535	35,341	(565,593)	(57,421)	18,496
Operating transfers from other funds	—	—	905,458	—	—
Operating transfers to other funds	—	—	—	—	—
Net income (loss)	58,535	35,341	339,865	(57,421)	18,496
Retained earnings (deficit) at beginning of year, as restated	1,434,281	783,958	59,801	150,521	230,656
Retained earnings (deficit) at end of year	**$ 1,492,816**	**$ 819,299**	**$ 399,666**	**$ 93,100**	**$ 249,152**

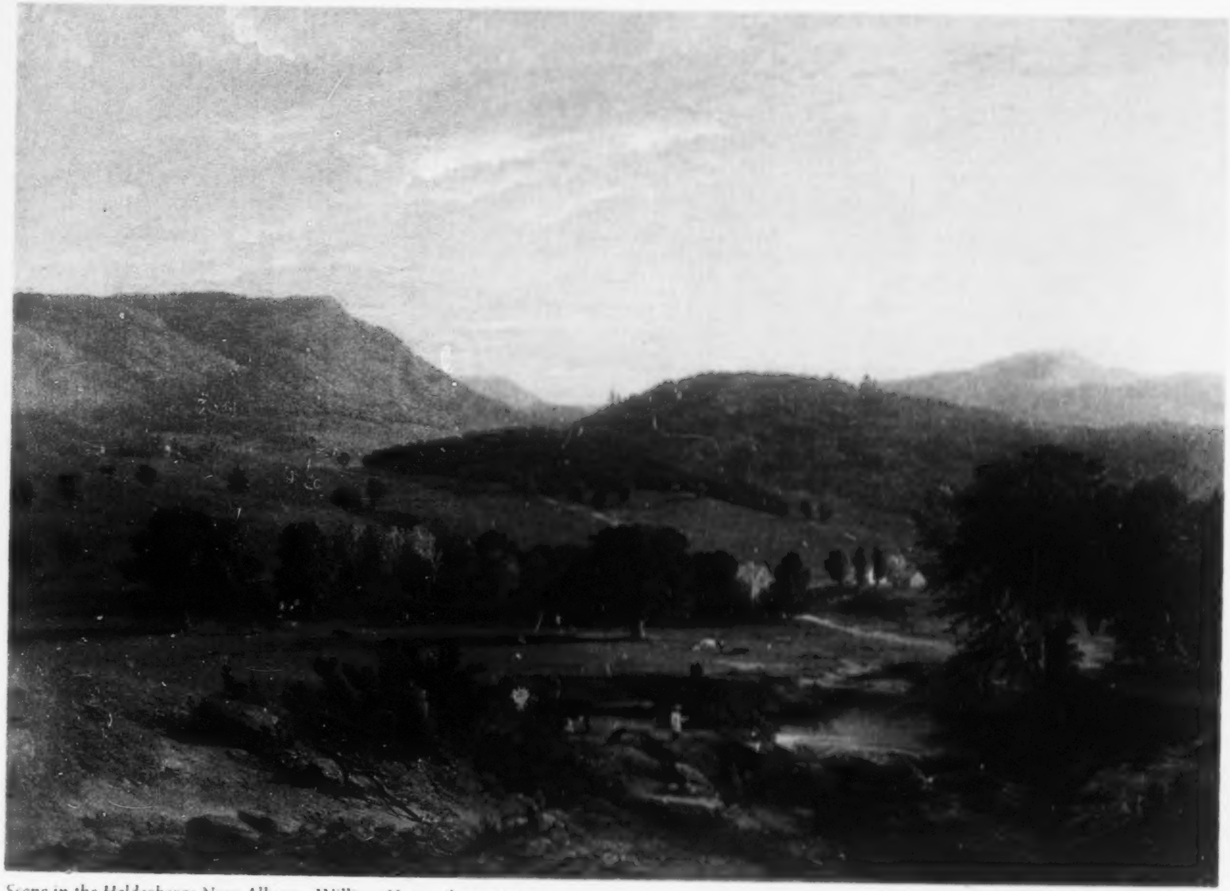
Urban Development Corporation	State Insurance Fund	SONY Mortgage Agency	Medical Care Facilities Finance Agency	Other Entities	Total	Eliminations	Total Public Benefit Corporations
$ —	$ 668,675	$ —	$ 5,318	$ 157,984	$ 4,719,065	$ —	$ 4,719,065
79,091	—	134,072	232,196	100,624	1,305,489	395,494	909,995
25,863	255,008	102,950	153,395	154	661,606	—	661,606
5,484	3,482	3,801	—	102,040	253,048	—	253,048
110,438	**927,165**	**240,823**	**390,909**	**360,802**	**6,939,208**	**395,494**	**6,543,714**
30,962	831,076	7,247	25,952	772,566	6,894,838	—	6,894,838
1,344	368	12,595	—	12,532	397,141	—	397,141
121,150	—	184,820	296,453	—	1,425,057	395,494	1,029,563
153,456	**831,444**	**204,662**	**322,405**	**785,098**	**8,717,036**	**395,494**	**8,321,542**
(43,018)	**95,721**	**36,161**	**68,504**	**(424,296)**	**(1,777,828)**	**—**	**(1,777,828)**
—	—	—	—	309,807	1,635,093	—	1,635,093
—	—	—	—	55,890	204,171	—	204,171
—	(5,239)	—	—	(84,684)	(466,829)	—	(466,829)
3,030	(43,775)	4,936	(57,855)	38,584	(151,483)	—	(151,483)
3,030	**(49,014)**	**4,936**	**(57,855)**	**319,597**	**1,220,952**	**—**	**1,220,952**
(39,988)	46,707	41,097	10,649	(104,699)	(556,876)	—	(556,876)
40,388	—	—	26,911	197,790	1,170,547	—	1,170,547
—	(485,000)	—	—	—	(485,000)	—	(485,000)
400	(438,293)	41,097	37,560	93,091	128,671	—	128,671
(167,944)	496,619	190,925	119,523	353,906	3,652,246	—	3,652,246
$ (167,544)	**$ 58,326**	**$ 232,022**	**$ 157,083**	**$ 446,997**	**$ 3,780,917**	**$ —**	**$ 3,780,917**

Public Benefit Corporations—Combining Statement of Changes in Financial Position

March 31, 1988
(Amounts in thousands)

	Power Authority	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority	Housing Finance Agency
SOURCES OF CASH AND INVESTMENTS:					
Operations:					
Net income (loss)	$ 58,535	$ 35,341	$ 339,865	$ (57,421)	$ 18,496
Items not requiring (providing) cash and investments:					
Depreciation and amortization	143,349	—	225,358	1,595	—
Other	(5,657)	—	2,880	—	21
Total sources of cash and investments from operations	**196,227**	**35,341**	**568,103**	**(55,826)**	**18,517**
Proceeds from issuance of bonds	—	—	682,715	1,237,748	13,965
Proceeds from issuance of notes	300,000	—	—	71,743	—
Principal collections on loans and leases receivables	—	—	—	543,806	627,571
Capital contributions	—	—	418,970	—	—
Increase in accounts payable	—	—	2,192	—	—
Increase in pension contributions payable	—	—	53,983	128	—
Increase in accrued liabilities	771	7,867	151,628	67,698	—
Increase in deferred revenues	12,556	45	—	—	—
Proceeds from other long-term liabilities	18,335	—	6,014	—	6,502
Decrease in other receivables	21,113	—	—	—	—
Decrease in other assets	10,346	102	—	—	—
Other	—	—	223,873	—	—
Total cash and investments provided	**559,348**	**43,355**	**2,107,478**	**1,865,297**	**666,555**
USES OF CASH AND INVESTMENTS:					
Acquisition of fixed assets	332,332	7,301	1,506,424	1,073	—
Repayment of bonds	92,608	33,165	233,711	752,230	656,974
Repayment of notes	—	—	—	10,520	—
Decrease in accrued liabilities	—	—	—	—	22,461
Repayment of other long-term liabilities	—	—	4,239	—	2,362
Decrease in accounts payable	—	—	—	—	—
Loans and leases receivables advanced	—	—	—	830,550	118,730
Increase in other receivables	—	34,590	217,124	51,477	880
Increase in other assets	—	—	51,450	631	—
Decrease in deferred revenue	—	—	62,942	11,218	1,618
Decrease in pension contributions payable	—	580	—	—	—
Other	—	—	—	—	—
Total cash and investments used	**424,940**	**75,636**	**2,075,890**	**1,657,699**	**803,025**
Net increase (decrease) in cash and investments	134,408	(32,281)	31,588	207,598	(136,470)
Cash and investments at beginning of year	2,160,107	253,517	2,242,307	2,303,112	1,241,569
Cash and investments at end of year	**$ 2,294,515**	**$ 221,236**	**$ 2,273,895**	**$ 2,510,710**	**$ 1,105,099**

Urban Development Corporation	State Insurance Fund	SONY Mortgage Agency	Medical Care Facilities Finance Agency	Other Entities	Total	Eliminations	Total Public Benefit Corporations
$ 400	$ (438,293)	$ 41,097	$ 37,560	$ 93,091	$ 128,671	$ —	$ 128,671
1,344	368	12,595	—	12,532	397,141	—	397,141
—	—	—	—	—	(2,756)	—	(2,756)
1,744	**(437,925)**	**53,692**	**37,560**	**105,623**	**523,056**	**—**	**523,056**
208,681	—	679,827	1,706,730	25,776	4,555,442	877,579	3,677,863
—	—	—	—	21,989	393,732	—	393,732
15,629	—	183,507	99,867	16,224	1,486,604	655,616	830,988
—	—	—	—	43,584	462,554	—	462,554
—	—	—	—	4,294	6,486	—	6,486
—	—	—	—	571	54,682	—	54,682
1,985	304,418	—	42,757	29,322	606,446	179	606,267
—	19,532	—	3,935	14,967	51,035	—	51,035
19,350	—	—	—	9,975	60,176	1,957	58,219
17,816	—	8,507	—	22,809	70,245	12,742	57,503
—	—	—	—	2,021	12,469	—	12,469
90	—	—	—	2,080	226,043	—	226,043
265,295	**(113,975)**	**925,533**	**1,890,849**	**299,235**	**8,508,970**	**1,548,073**	**6,960,897**
490	1,281	—	—	84,612	1,933,513	—	1,933,513
50,213	—	875,352	986,689	33,757	3,714,699	608,140	3,106,559
3,531	—	—	—	13,925	27,976	3,531	24,445
—	—	240,460	—	50,078	312,999	—	312,999
4,043	—	—	—	53,461	64,105	11,232	52,873
—	—	—	41	324	365	—	365
117,478	—	331,896	896,177	23,470	2,318,301	603,945	1,714,356
—	30,133	—	11,135	56,772	402,111	12,678	389,433
1,120	118	4,147	—	3,750	61,216	—	61,216
1,141	—	—	—	379	77,298	—	77,298
—	—	—	—	136	716	—	716
—	—	—	—	4,514	4,514	—	4,514
178,016	**31,532**	**1,451,855**	**1,894,042**	**325,178**	**8,917,813**	**1,239,526**	**7,678,287**
87,279	(145,507)	(526,322)	(3,193)	(25,943)	(408,843)	308,547	(717,390)
410,919	2,672,868	1,501,452	1,615,620	612,367	15,013,838	1,314,143	13,699,695
$ 498,198	**$ 2,527,361**	**$ 975,130**	**$ 1,612,427**	**$ 586,424**	**$ 14,604,995**	**$ 1,622,690**	**$ 12,982,305**



Scene in the Helderbergs Near Albany—William Hart, oil on canvas

Collection Albany Institute of History and Art

Statistical Section

Schedule of Revenues, Expenditures and Other Financing Sources (Uses)

ALL GOVERNMENTAL FUNDS

For the Past Ten Fiscal Years

(Amounts in Millions)

	1978-79	1979-80	1980-81
REVENUES:			
Taxes	$ 11,005	$ 12,320	$ 13,597
Miscellaneous revenues	1,502	1,768	2,140
Federal grants	5,473	6,113	5,936
Receivables from other government units	1,011	135	—
Repayment of advances by public authorities	24	32	—
Total revenues	**19,015**	**20,368**	**21,673**
EXPENDITURES:			
Grants to local governments	11,303	12,168	13,136
Operations of state departments and agencies	5,347	6,033	7,144
Debt service	840	896	858
Capital projects	1,015	1,194	1,016
Advances and miscellaneous	900	122	—
Total expenditures	**19,405**	**20,413**	**22,154**
Revenues over (under) expenditures	(390)	(45)	(481)
OTHER FINANCING SOURCES (USES):			
Bond proceeds	99	283	240
Proceeds from financing arrangements	—	—	—
Transfers from other funds	—	—	23
Transfers to other funds	—	—	—
Payments on advance refundings	—	—	—
Net other financing sources (uses)	**99**	**283**	**263**
Operating revenues and other financing sources over (under) expenditures and other financing uses	**$ (291)**	**$ 238**	**$ (218)**

Footnote: Amounts prior to 1980-81 fiscal year are cash basis amounts

Source: Office of the State Comptroller

1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
$ 15,060	$ 16,252	$ 18,498	$ 20,803	$ 22,255	$ 25,030	$ 25,688
2,782	3,191	2,943	3,555	3,798	4,303	4,602
6,955	7,047	7,432	8,195	8,999	9,436	9,429
—	—	—	—	—	—	—
—	—	—	—	—	—	—
24,797	**26,490**	**28,873**	**32,553**	**35,052**	**38,769**	**39,719**
15,705	17,005	17,737	19,591	21,405	23,390	23,656
8,097	9,018	9,543	10,625	11,165	11,951	13,013
701	1,143	1,229	1,309	1,315	1,335	1,394
996	1,294	1,109	1,328	1,521	1,749	1,720
—	—	—	—	—	—	—
25,499	**28,460**	**29,618**	**32,853**	**35,406**	**38,425**	**39,783**
(702)	(1,970)	(745)	(300)	(354)	344	(64)
123	747	225	210	160	436	180
—	—	70	64	495	866	896
3,348	3,908	3,396	3,770	3,794	4,473	4,481
(3,093)	(3,512)	(3,396)	(3,770)	(3,794)	(4,148)	(5,185)
—	—	—	—	—	—	(488)
378	**1,143**	**295**	**274**	**655**	**1,627**	**(116)**
$ (324)	**$ (827)**	**$ (450)**	**$ (26)**	**$ 301**	**$ 1,971**	**$ (180)**

Schedule of Collections of Principal State Taxes

(Amounts in millions)

Fiscal Year	Personal Income Tax	Sales and Use Tax	Motor Fuel Tax	Corporate Franchise Tax	Cigarette Tax	Corporate & Utility Tax	Total Taxes Collected By Year
1979-80	$ 5,962	$ 2,824	$ 460	$ 1,014	$ 332	$ 536	$ 11,128
1980-81	6,617	2,957	436	1,094	336	635	12,075
1981-82	8,040	3,097	430	1,137	338	783	13,825
1982-83	8,227	3,358	423	1,044	333	778	14,163
1983-84	9,417	3,757	396	1,201	438	929	16,138
1984-85	10,391	4,017	384	1,455	434	929	17,610
1985-86	11,482	4,566	440	1,526	425	888	19,327
1986-87	12,238	4,849	466	1,565	407	856	20,381
1987-88	13,921	5,281	470	1,562	401	894	22,529
1988-89 (Projected)	15,132	5,675	481	1,800	395	918	24,401
Total	$ 101,427	$ 40,381	$ 4,386	$ 13,398	$ 3,839	$ 8,146	$ 171,577

Source: Office of the State Comptroller & State Division of the Budget

Schedule of State-Related Debt Per Capita

Fiscal Year	Total State Population (Millions)	General Obligation Debt	State Guaranteed Authority Debt	Lease/Purchase and Contractual Obligation Debt	Moral Obligation Debt	Total Debt
1978-79	17.7	$206	$29	$225	$630	$1,090
1979-80	17.6	206	30	222	656	1,114
1980-81	17.6	206	29	222	676	1,133
1981-82	17.6	209	28	261	711	1,209
1982-83	17.6	216	28	284	714	1,242
1983-84	17.7	212	31	323	731	1,297
1984-85	17.7	215	35	318	726	1,294
1985-86	17.7	211	32	341	707	1,291
1986-87	17.8	218	33	386	721	1,358
1987-88	17.8	217	32	428	673	1,350

Source: Office of the State Comptroller

Schedule of Demographic Statistics

Years	Population (1000s)	% of U.S. Population	Per Capita Personal Income	Unemployment (1000s)	Unemployment %
1978	17,550	7.8	$ 9,000	695	7.7
1979	17,500	7.6	9,800	598	7.5
1980	17,558	7.8	10,721	597	7.5
1981	17,556	7.5	11,466	612	8.6
1982	17,567	7.5	12,314	686	8.6
1983	17,670	7.5	13,581	688	8.6
1984	17,727	7.5	14,867	583	7.2
1985	17,762	7.4	15,803	544	6.5
1986	17,795	7.4	16,958	526	6.3
1987	17,825	7.3	18,055	412	4.9

Source: Significant Features of Fiscal Federalism

Schedule of City Populations Within New York State

City	1930	1940	1950	1960	1970	1980
New York City	6,930,446	7,454,995	7,891,957	7,781,984	7,895,563	7,071,639
Buffalo	573,076	575,901	580,132	532,759	462,768	357,370
Rochester	328,132	324,975	332,488	318,611	295,011	241,741
Yonkers	134,646	142,598	152,798	190,634	204,297	195,301
Syracuse	209,326	205,967	220,583	216,038	197,297	170,105
Albany	127,412	130,577	134,995	129,726	115,781	101,727
Utica	101,740	100,518	101,531	100,410	91,373	75,632
Niagara Falls	75,460	78,029	90,872	102,394	85,615	71,384
Schenectady	95,692	87,549	91,785	81,682	77,859	67,972
Other Areas	4,012,136	4,378,033	5,233,051	7,328,066	8,816,394	9,205,201
Total State Population	**12,588,066**	**13,479,142**	**14,830,192**	**16,782,304**	**18,241,958**	**17,558,072**

Source: U.S. Department of Commerce – Bureau of the Census

Schedule of Ten Largest Industrial & Commercial Employers

Firm	Location
The Chase Manhattan Corporation	New York City
Citicorp	New York City
Eastman Kodak Company	Rochester
Federated Department Stores	New York City
General Electric Company	Schenectady
General Motors Corporation	Buffalo
Grumman Corporation	Bethpage
International Business Machines	Armonk
Manufacturers Hanover Trust Company	New York City
Sears, Roebuck & Company	Albany

Source: New York State Department of Economic Development

Nonagricultural Employment and Income by Categories

(Amounts in Billions)

	Percentage Composition of Employment (1987)		United States		New York State	
	United States	New York	Amount	Percent	Amount	Percent
Construction	4.9%	4.1%	$ 174.7	6.5%	$ 12.6	5.1%
Finance, Insurance and Real Estate	6.5%	9.8%	209.5	7.7%	37.6	15.3%
Government	16.7%	17.4%	435.9	16.1%	36.9	15.0%
Manufacturing and Mining	19.4%	15.2%	599.6	22.1%	40.3	16.4%
Services and Other	23.6%	27.4%	655.5	24.2%	67.1	27.3%
Transportation, Communication and Other Utilities	5.3%	5.0%	188.7	7.0%	15.9	6.5%
Wholesale and Retail	23.6%	21.1%	444.0	16.4%	35.5	14.4%
Total	100.0%	100.0%	$ 2,707.9	100.0%	$ 245.9	100.0%

Source: U.S. & N.Y.S. Departments of Labor; U.S. Department of Commerce

Schedule of Miscellaneous Statistics

March 31, 1988

Date Entered Union	1788
Form of government	Legislative—Executive—Judicial
Land area	47,377 square miles
Miles of State Highways	14,843
State Police Protection:	
Number of Troops	10
Number of State Police Employees	4,334
State University of New York (All Campuses):	
Number of campuses in State	70
Number of Faculty	25,045
Number of Students	365,272
Recreation:	
Number of State Parks	148
Area of State Parks	256,414
Historic Sites	34

Source: New York State Statistical Yearbook

STATE OF NEW YORK

Office of the State Comptroller Organization

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